

## PLACEMARK TARGETS BANK WITH UNIFIED PLATFORM

Originally Published By Eduardo Llull, Fund Fire

Placemark Investments has tweaked its service offering in order to bring its unified managed accounts (UMAs) to small banks, broker-dealers and RIAs. The Dallas-based firm is adding manager research, performance reporting and product design to its overlay capability to allow smaller sponsor firms to offer UMAs.

The new offering, dubbed Placemark Select, is a timely one for an industry that is stepping up its efforts to find new distribution possibilities for its products.

"We're responding to demand," says Lee Chertavian, CEO of Placemark. "We have been receiving a lot of calls from smaller firms interested in our overlay capability."

The challenge for smaller firms compared to some of Placemark's larger UMA clients is that the smaller firms lack the resources necessary for manager research, performance reporting and other functions necessary in a UMA program.

UMAs offer financial advisors the chance to combine different investment vehicles and styles in one account. Placemark's UMA, for instance, combines separately managed accounts, exchange-traded funds and mutual funds.

Placemark had been focusing on providing overlay management for larger firms such as McDonald Investments, RBC Dain Rauscher and Piper Jaffray. But, in order to reach smaller firms, it needed to add additional services. It therefore partnered with Prima Capital to provide manager research, monitoring and due diligence, and for custody it partnered with Schwab Institutional and Pershing.

Prima has picked 19 managers, 17 of which it chose from among the 100 or so Placemark currently works with and two it chose on its own.

The smaller firms Placemark is targeting with the new offering are just beginning to bite.

Searcy, Ark.-based First Security Bancorp recently launched a private client group and went searching for a turnkey asset management platform, or TAMP.

"We looked at a number of TAMPs," says Lee Mackey, head of First Security's wealth management unit, under which the new private client group falls. "We felt that Placemark provided us with the flexibility we needed."

Placemark's flexibility comes from it being just the right size. Mackey explains that it is big enough to provide access to the "leading SMA managers," but small enough to offer a high level of customization. In the end, Placemark's tax overlay management "cinched the deal for us," Mackey says, adding that it is the best in the business.

First Security is offering the Select platform to clients with at least \$100,000 in investable assets. It hopes to grow its private client business over the next three years to \$100 million while focusing mainly on the state of Arkansas.

Banks like First Security could become important players in the SMA market as SMA managers continue to discuss ways to increase distribution outside the wirehouses, which control anywhere between 70% and 80% of the market, depending on the industry source.

At an SMA conference last week in Boston, Dan Seivert, managing partner with 3C Financial Partners, explained that banks are increasingly viewing SMAs as a possible means to grow assets.

"Banks appreciate the financial opportunity of SMAs," Seivert said. "More products and better choices equal a greater share of their clients' wallets."

The UMA is simply a more sophisticated option for these banks and one that many officials believe serves the overall needs of investors better than other products, including SMAs.

Mackey, for instance, says that his firm chose a UMA program because it wanted a product that would coordinate different investments in one account and give clients the best possible tax management solution.

At last week's conference, speakers talked about an evolution in the industry from a product-focused approach to a solutions-focused approach. The UMA is more of a solution to meet client needs.

Joe Mrak, v.p. of product development for CheckFree Investment Services, told those in attendance that the UMA is about "packaging an ideology around how advisors should be working with their clients. It's a way to manage a holistic view of the client."

But the UMA is only the beginning of this focus on solutions, according to most speakers at the conference.

"UMAs are a crude effort to organize clients' money in the way they envision it," says Scott MacKillop, president of U.S. Fiduciary Services. "[UMAs] are like cars with cranks on the front."

When technology improves, some officials believe that the industry will be able to improve upon the UMA. These officials point to something called the unified managed household, which in theory would combine different investments, much like a UMA does, with products that have separate registrations like a husband's and wife's respective 401(k) plans.

## ABOUT ECHELON PARTNERS

ECHELON Partners (ECHELON) was formed in 2001 to offer investment banking and consulting to a subset of the financial services industry known as "investment product developers and distributors" (IPDADs). Since that time, ECHELON's professionals have helped hundreds of senior executives envision, initiate, and execute a multitude of complex business strategies and transactions. ECHELON's business is making companies more valuable through delivering advice and orchestrating transactions. Accordingly, ECHELON measures its success in the enterprise value it creates for its clients. Companies that strive to outperform their peers choose to work with ECHELON because we are as passionate about their results as they are.

### **Daniel Seivert**

Managing Director

dseivert@echelon-group.com