

SUNGARD BUILDS UP MANAGED ACCOUNT BUSINESS

Originally Published By Gregory Shulas, Fund Fire

SunGard Advisor Technologies, a turnkey asset management platform, is making inroads into the bank and trust market and building up its managed account business. One trust client has garnered \$100 million in assets in the 10 months it has used the firm's managed account platform.

The Sacramento, Calif.-based SunGard Advisor Technologies traces its history to London Pacific Advisors, which holding company SunGard acquired in May 2003 as part of its first foray into separately managed accounts. It launched the overlay management piece in August of 2004.

SunGard Advisor Technologies has seen its assets under management increase from \$6.6 billion in December 2004 to \$12 billion plus this year. Helping fuel the growth is SunGard's close ties to private banks and trusts, institutions that the firm's larger parent company has provided accounting services to for years. The majority of the group's 30 clients have a prior business history with SunGard.

"Our heritage working with banks and bank trust departments has given us the ability to move more rapidly," says Dave Ferry, the group's director of market strategy. "But we ultimately think other areas will be of interest as well."

On Tuesday, SunGard announced that Bremer Financial, a St. Paul, Minn.-based bank and trust, had gathered \$100 million in assets in the unified overlay management program it launched with SunGard last June. New high-net worth clients represent 60% to 70% of the asset pool, with the remainder comprised of assets relocated from existing accounts, says Kate Kelly, region president of financial services for Bremer Financial.

"It allows us to confidently approach a truly affluent segment that maybe we were not tapping before," she says, adding that bank managers have had more time to spend with their clients since the platform's introduction.

SunGard's unified overlay management program provides an open architecture platform for Bremer's clients, giving investors access to a broader selection of managers as they open separately managed accounts or unified managed accounts, Ferry says.

Ferry argues that the program's high level of customization is a competitive advantage. The firm's technology takes everything from socially responsible investing to tax consequences into consideration, Ferry says. While SunGard conducts the due diligence process for managers, Bremer serves as overlay manager.

Ferry expects his client list to grow and has already heard from banks and trusts that don't do business with the group's parent company.

Daniel Seivert, managing partner for 3C Financial Partners in Manhattan Beach, Calif., expects more trusts and private banks to embrace third-party providers and the technological solutions they provide.

"I definitely see them moving in that direction. They have to," he says. "They have done a good job of holding onto existing clients, but in terms of gaining new ones they have not done enough to remain competitive. Part of being competitive is having a broad selection of high-quality products."

The trend, however, is being fueled by a rise in third-party providers, not a push by trusts to outsource asset management services. "It is not a demand pull. It is a supply pull," he says, adding that turnkey asset management platforms such as SunGard Advisor Technologies have been successful in selling the benefits of open architecture.

Bremer has \$6.6 billion in assets and is pursuing a five-year aggressive growth strategy that involves targeting high-net worth investors and opening offices outside the Twin Cities area. It's one of the only banks in the country that's owned by both employees and a charitable trust, the Otto Bremer Foundation.

A former advisor to Presidents Woodrow Wilson and Franklin D. Roosevelt, Otto Bremer was a legendary Midwestern banker who liquidated his bank to help keep community banks afloat during the Great Depression. Grants from the foundation fund multiple causes, from assisting refugees of poverty-stricken African countries to helping local education programs.

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