



Vestmark Manager Marketplace™

# The *Future* of Strategy Distribution

Reducing Friction in a Truly Open Marketplace





Your *passion* is  
outperforming  
the market  
but so many  
other things  
get in the way.

## Manager Challenge Overview

According to Cerulli Associates, almost half of all asset managers are moving away from traditional separate account management and more towards model portfolio strategies.<sup>1</sup> Model strategies have gained in popularity because they can provide a less expensive vehicle to cost-conscious sponsors and make active management more competitive against passive options.

This e-book describes the key challenges faced by asset managers in distributing these model-based strategies and outlines how the Vestmark Manager Marketplace™ (VMM) can help firms address them.

Distributing strategies in a single-contract, open-architecture marketplace presents many opportunities for AUM growth, enabling managers with centralized billing/payment collection, reporting on assets, accounts and flows, a single delivery point for the model and model changes, all with no platform fee.

<b>Challenge 1:</b>	Managing the Economics	➤
<b>Challenge 2:</b>	Unpredictable Performance	➤
<b>Challenge 3:</b>	Access Hurdles	➤
<b>Challenge 4:</b>	Gatekeepers and Research Teams	➤
<b>Challenge 5:</b>	Trading and Scaling Complexities	➤

<sup>1</sup> Source: The Cerulli Report. "US Managed Accounts 2022. The Future of Personalized Portfolios."



Platform fees  
and revenue  
sharing can  
make the  
economics  
*challenging.*

#### Challenge 1:

### Managing the Economics

Many asset managers scale their reach to advisors by distributing their strategies through home office platforms and TAMPs. Securing shelf space and managing the costs of those relationships, paying platform fees, and incurring revenue sharing can be expensive. Are you struggling to get platform coverage and rationalize the economics of your distribution partnerships?

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### VMM Solution

The Vestmark Manager Marketplace, our open architecture, single-contract platform—with zero platform fees—is your allied partner. Providing access to all our distribution partners as well as participation in Vestmark VAST - we can help to support the growth of your AUM and allow you to control the economics and profitability of that growth.





Your  
performance  
is your  
*brand.*

## Challenge 2:

### Unpredictable Performance

As an asset manager, outperforming your benchmark is critical to your reputation and brand. When you distribute your investment strategy as a model and relinquish control over how it is traded and whether your instructions are followed, performance can be compromised if your trade instructions are not correctly communicated or followed by the recipients of your model.

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### VMM Solution

Your performance is our priority, and we work to ensure that the integrity of your strategy is respected. For partners using the model straight from the marketplace, we accurately, consistently, and thoroughly communicate your trade instructions. Additionally, we offer the option to have Vestmark implement and trade your strategy and can thereby ensure that your trade instructions are closely followed, so that all investors can most closely realize your strategy's performance.



Massive  
access hurdles  
to get onto a  
platform can  
*stifle growth.*

### Challenge 3:

## Access Hurdles

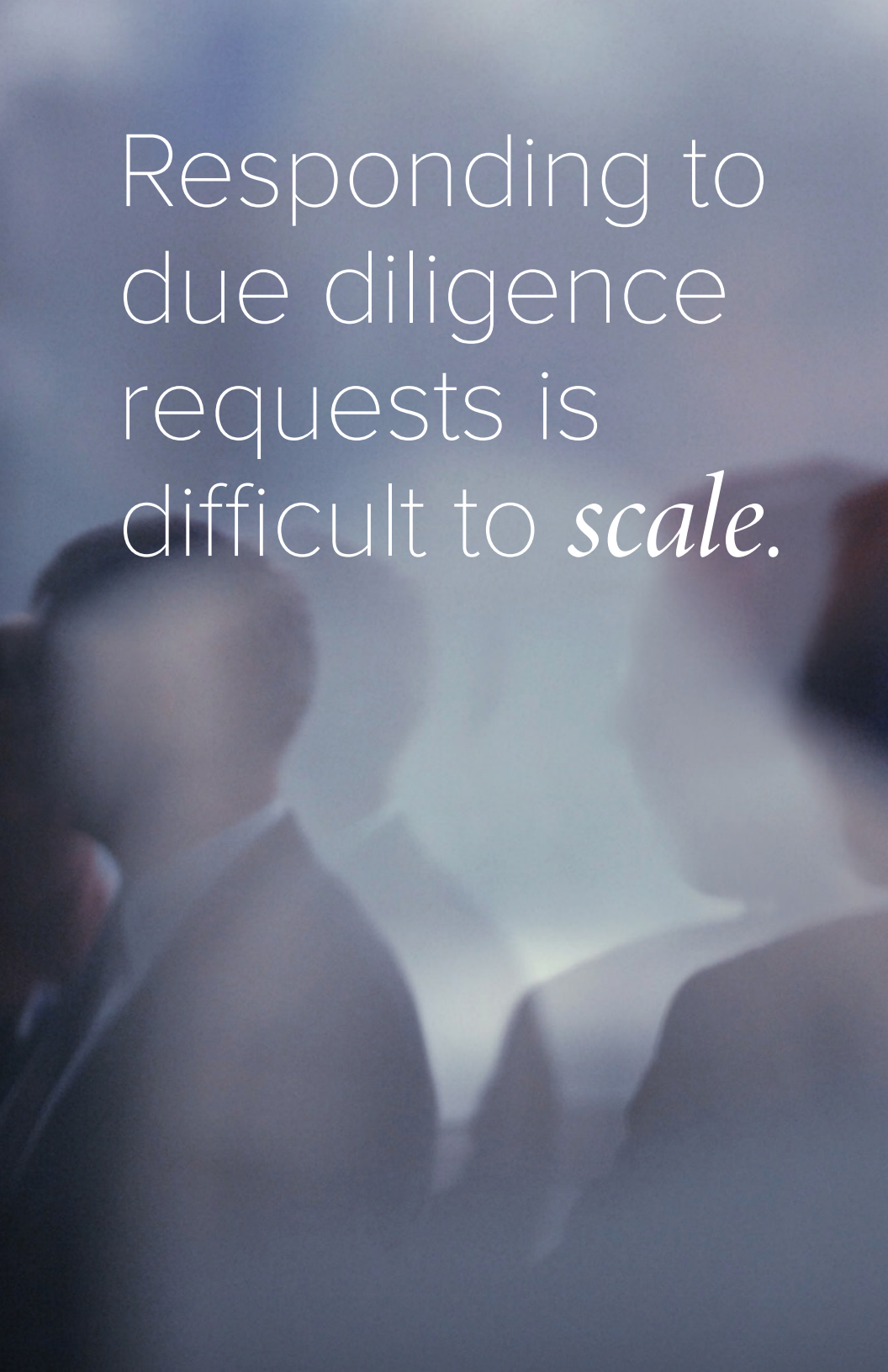
When working through the process to get onto a platform, managers often confront substantial obstacles. Some sponsor platforms have minimum AUM requirements, require managers to pass due diligence screens, get onto recommended lists, etc. Managers are typically forced through time-consuming screening processes without any guarantee of platform placement.

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## VMM Solution

As a truly open marketplace, our onboarding process is designed to be quick and frictionless. VMM does not have access hurdles for new managers – or new strategies. With our streamlined onboarding, single-contract process, simple operational requirements, and single delivery point for the model for each strategy, you can easily access conflict-free connectivity to the Vestmark distribution partners and Vestmark VAST.





Responding to  
due diligence  
requests is  
difficult to *scale*.

#### Challenge 4:

### Gatekeepers and Research Teams

Once you have made it through the gauntlet of gaining access through the initial gatekeepers and up-front due diligence screens with each sponsor firm, you have the ongoing due diligence to manage. The more firms you sell through, the bigger the growth opportunity, but the more of this to manage. Providing these responses to all these distribution partners is time-consuming and draining on resources.

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### VMM Solution

While each sponsor firm has their own set of due diligence requirements and questions, the vast majority of what they are looking for – quantitatively and qualitatively - is consistent across firms. VMM's portal enables you to complete a single, simplified set of due diligence questions through our partnership with DiligenceVault®, which will be shared with all VMM subscribers, saving you significant time and resources.

The bottom of the slide features abstract, organic blue shapes that resemble liquid droplets or flowing paint. These shapes are layered, with some appearing more prominent than others, creating a sense of depth and movement. The colors range from a deep navy blue to a lighter, almost white blue at the edges.

# Trading and scaling personalization comes with additional *complexities.*

## Challenge 5:

### Trading and Scaling Complexities

In some situations, connecting with certain distribution partners can come with other complexities, such as when a sponsor platform requires a manager-traded solution that you cannot or do not want to support. Additionally, in the model-delivered strategy world, product development innovations such as adding account-level personalization and tax-management that differentiate your value proposition seem virtually impossible without building an entire SMA infrastructure in-house.

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### VMM Solution

VMM can be a one stop shop to simplify your distribution strategy and expand your personalization and tax-management capabilities. VMM offers a single delivery point for your strategy, and in complex situations where sponsor platforms require that you offer a manager-traded solution, we can provide trading of your strategy whether it's in a UMA program or in a manager-traded SMA-program.

In addition to providing trading, we can help you layer on personalization and tax management for individual accounts, by offering tax-managed services to help amplify the growth of your investment business. With VMM as the foundation, Vestmark can help you innovate your product line-up and get new strategies to market quickly without internally building teams or infrastructure to support.



# Solution Driven Industry Experts

## Vestmark Manager Marketplace™

Our goal is to help you grow your AUM in a scalable and profitable way.

Our marketplace is built on the premise that product quality speaks for itself. We are not biased. We do not promote product. We have created a network through which managers and sponsors can seamlessly connect, with a single contract format, centralized billing/payment collection, reporting on assets, accounts and flows, and single delivery point for the model and model changes, all with zero platform fee. Our aim is to help you grow your business, to help solve the particular challenges facing your firm, and to work with you in a way that fits your business.

If you're an asset manager seeking lower fees and a more efficient process, connect with us to learn more about how we can help.

## Let's talk.



Connect with us at  
[inquiry@vestmarkmm.com](mailto:inquiry@vestmarkmm.com)





### About Vestmark:

Founded in 2001, Vestmark is a leading provider of portfolio management/trading solutions and outsourced services for financial institutions and their advisors, enabling them to efficiently manage customized client portfolios through an innovative technology platform. Supporting over \$1.5 trillion in assets and 5.5 million accounts, Vestmark is a partner to some of the largest and most respected wealth management firms.

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