

FUND OF INFORMATION

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DOES YOUR INVESTMENT ADVISOR have your assets in a unified managed account? It's something you both might want to consider.

According to Celent Research, UMAs will likely surpass separately managed accounts in popularity within three to five years. Celent projects that UMA assets will reach \$327 billion by 2013, representing a compound annual growth rate of 35%. "They're gaining in popularity, there's no question about it," says Burt Greenwald of Philadelphia-based BJ Greenwald Associates, a financial consultancy. A UMA takes care of "housekeeping and the operational side...in a single coherent unit," he says.

A unified managed account is a professionally managed portfolio that is rebalanced regularly; it can encompass nearly every investment vehicle in a typical investor's portfolio, including mutual funds, exchange-traded funds, and stocks and bonds -- all in a single account.

The financial advisor basically outsources implementation of his investment strategy to the UMA. The overlay manager can provide such services as determination of capital-gains exposure and management of custodial services. Each advisor and investor can monitor the account in real time and call in the plays to the overlay manager.

"The concept has been around for about eight years, but the technology has now caught up with UMA models," says Michael Stier, CEO of Charlotte, N.C.-based Adhesion Wealth Advisor Solutions, a provider of model-based UMAs, with \$10 billion in assets under administration. Now, a client can change mid-cap managers with "a click of a mouse," whereas it used to take days, he says.

UMAs also "help the advisor's bottom line and help the client's bottom line," says Stier. He says an actively managed equity mutual fund has a fee of 1.20% to 1.50%, while a separately managed account with the same strategy has a fee of 0.90% to 1.10%. Adhesion, in comparison, has an "all-in" fee of 0.60% to 0.80%.

But "the single fee doesn't provide much incentive to keep the attention of the advisor current on the account," says Greenwald, because there are no extra fees for moving assets around. You don't want your advisor on "automatic pilot," he notes. So monitor your monitor.