



Janney Turns to Vestmark for UMA Overhaul

By Danielle Verbrigghe June 6, 2018

Vestmark has jumped into the overlay management and model trading business, offering to take on discretionary trading for advisory program sponsors looking to outsource.

This marks an expansion of the types of services Vestmark offers to advisory firms, and comes after the technology vendor in 2016 launched a model hub to connect model managers with investment advisory program sponsors.

“What is different now is, where it’s needed, we can actually implement those models,” says **David Littleton**, managing director of Vestmark Advisory Solutions. “We can conduct the trading.”

Janney Montgomery Scott signed on as a client to the new service, opting to outsource overlay management of its \$700 million unified managed account (UMA) platform to Vestmark, in addition to using Vestmark technology to power the program. Janney uses Vestmark to power its other advisory programs but will retain responsibility for trading model-delivery strategies in its SMA program.

Janney previously outsourced its UMA platform to Placemark, which was acquired by Envestnet in 2014.

As Envestnet was winding down the Placemark platform, Janney had to choose whether to use Envestnet for overlay trading, or move to another provider, explains Robert Battista, Janney’s head of product and research.

“We had to make a choice as to where we were going to move those assets,” Battista says. “We considered Envestnet, but the majority of our fee-based assets were already on the Vestmark platform.”

Switching providers also enabled Janney to cut the overlay management fee in half, which Battista believes may make the platform more attractive to advisors.

“We think it lowers the barrier to entry for advisors who have not been embracing the professionally managed models, and for some of them who may have stuck with advisor driven advisory [programs] because there is no overlay fee,” Battista says.

While UMA is still just a small part of Janney’s \$33 billion advisory business, the firm expects UMA to play a central role in the future.

Outsourcing the UMA implementation to Vestmark sets the stage for Janney to eventually streamline its program set by folding legacy programs into the UMA platform, Battista says. That is a longer-term project.

“This creates efficiencies down the road as we try to move everything toward a centralized model with UMA as a centerpiece,” Battista. “Any of these managed advisory programs now have the capability, with Vestmark technology, to be a sleeve of our UMA. We just need to be able to work toward the structure and timing that works best for us.”

Another new feature for Janney will be the ability to include traditional, manager discretionary SMAs within the UMA platform. Historically, Janney hasn’t been able to include fixed income SMAs in its UMA platform, since managers typically retain trading discretion for fixed income strategies, but the new technology will allow the firm to start adding in fixed income SMAs.

Janney plans to start engaging with fixed income SMA managers who are already available in the firm’s SMA platform about getting set up to be added to the UMA, Battista says.

While Vestmark isn’t taking on trading of fixed income strategies, its technology system can plug manager-traded SMA strategies into a sponsor’s UMA system.

“If there’s a strategy that needs a manager to trade, we will work with that manager and the sponsor firm that’s hired us to make that connection seamless,” says Alexander Morris, managing director of Vestmark Advisory Solutions.

Across the industry, assets in UMA programs grew to reach \$964.8 billion at the end of the fourth quarter, according to Cerulli Associates data.

Advisory program sponsors have also been using UMA technology to streamline their various advisory programs into a single system.