

U.S. Managed Accounts 2023

Decisions About Discretion

OVERVIEW & METHODOLOGY

This annual report is the result of ongoing research and analysis of the managed account marketplace by Cerulli Associates. Cerulli has tracked the fee-based managed account marketplace for more than 20 years, and this report represents the 26th installment in a series of studies of the industry. It tracks the size of the market for managed account products, the marketshare of product providers and distributors, the growth in assets, and the fees for managed account programs and asset management products. The first chapter of the report covers portfolio discretion, including a comprehensive comparison of advisor discretionary performance compared to that of home office and client discretionary programs, as well as a thorough review of how managed account sponsors view discretion and the steps that asset managers are taking to create stronger bonds with discretionary advisors.

USE THIS REPORT TO

- Compare performance of advisor, home office, and client discretionary programs, including quarterly return analysis and annualized returns
- Explore the continued growth of customization in the managed accounts space, including continued adoption of direct indexing and customized separate managed account (SMA) solutions
- Understand sponsor firms' views on discretion, the steps they are taking to encourage advisors to outsource, and the guidelines and controls they are placing on their rep-as-portfolio-manager (RPM) programs to best align them with their business strategy
- Review asset manager perspectives on discretion, including their preferred programs for product distribution and the actions they are taking to better align with their distribution partners

QUESTIONS ANSWERED

- How does the performance of financial advisor discretionary programs compare to that of home-office and client discretionary programs?
- What are the top priorities for managed account sponsor firms in 2023?
- What steps are sponsor firms taking to best align their RPM programs with their current business strategy?
- What is the size of the current managed accounts market, and what are the projections for growth going forward?
- What actions are asset managers taking to best align their distribution strategy with the needs of their business partners?

PRODUCT DETAILS

Included with Purchase

- Digital report in PDF format
- Unlimited online firm-wide access
- Exhibits in Excel
- Key findings
- Analyst support
- Interactive Report Dashboards

Interactive Report Dashboards

Interact and explore select report data with Cerulli's visualization tool.

Market Sizing: Assets, Accounts, Flows, and Projections: A detailed view of the total managed account industry with data on assets, flows, and accounts. Examine managed account assets by program type, channel, packaging, and discretion, and review the change over time. Create customized industry projections with user inputs for market growth and flow as a percent.

Sponsor Leaderboards: Discover the top sponsors by assets among managed account program types, channel, discretion, and packaging. Moreover, explore a leaderboard of the top-40 sponsors and how their assets are distributed across program types.

Programs by Asset Class and Investment Vehicle: A comprehensive view of the asset classes and investment vehicles that make up the various managed account program types.

Separate Account Asset Managers: Asset Sizing and Leaderboards: Understand the separate account asset manager landscape with data on industry assets and leaderboards for the top separate account asset managers by total assets, asset type, and asset category/objective.

Introduction

For the last four years, Cerulli has asked managed account sponsors about their top priorities for the year. Without fail, their top priorities center on portfolio discretion. Sponsor firms' top priorities have consistently been to either increase the use of home-office discretion managed account products, or to provide their advisors with better portfolio construction resources.

In this chapter, Cerulli dives deep into the decisions that sponsor firms are making around advisor discretion. This includes, for the first time since the 2015 iteration of this report, and in response to myriad client questions requesting it, an analysis on the performance of home-office-directed programs relative to advisor-directed and client-directed portfolios. The chapter then evaluates sponsor firms' feelings on RPM programs, the tools and methods they are using to improve their RPM programs, and the qualifications that their advisors must meet to take discretion over client portfolios. The chapter concludes with asset manager views on portfolio discretion, and the steps that they are taking to better arm their distribution teams to work with advisors who take on a greater share of portfolio construction responsibilities.

Exhibit 1.01

Top Priorities for Managed Account Sponsors, 2023

Managed account sponsors' top priorities have consistently centered around portfolio discretion, either making their advisors better, or encouraging them to give up discretion entirely.

Source: Cerulli Associates | Analyst Note: Respondents were asked to name their top-three priorities for 2023.

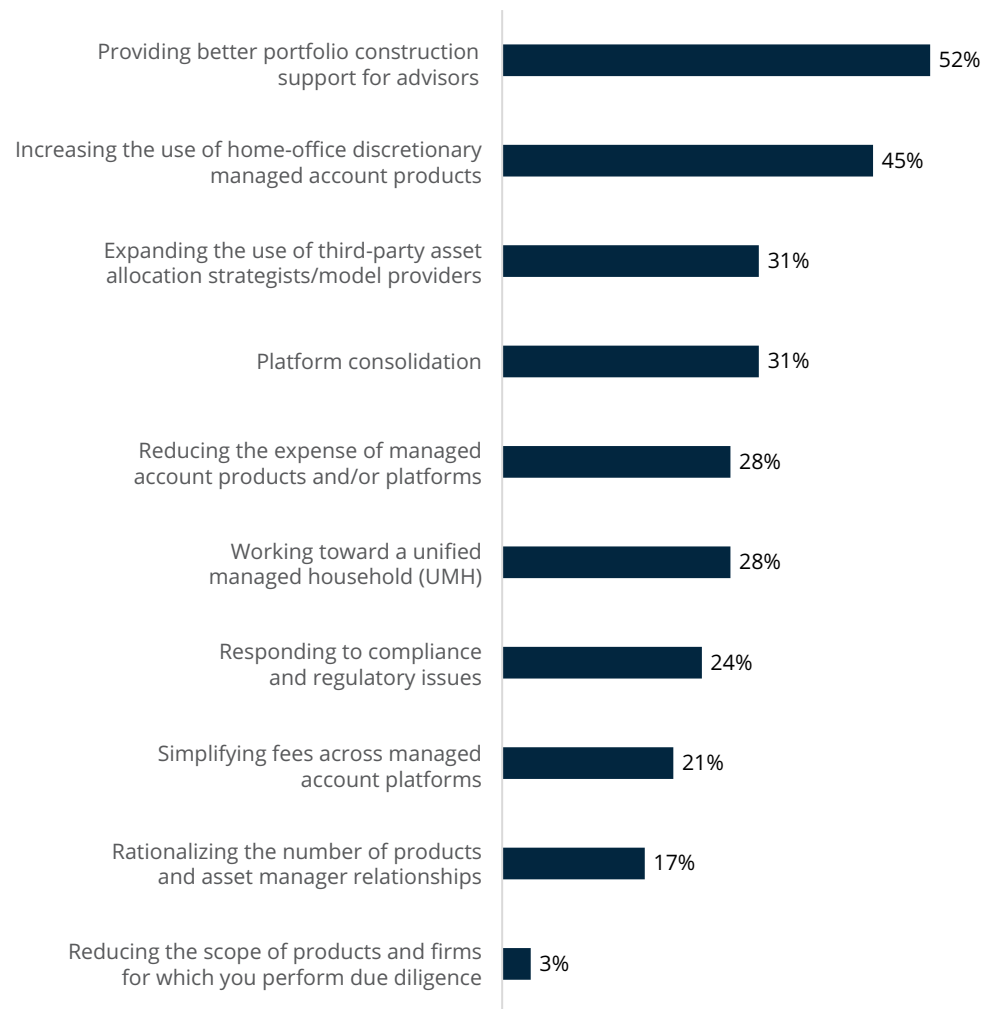


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