The Case for Managed Accounts

A Better Structure for Modern Wealth

The wealth management industry is moving beyond one-size-fits-all investment delivery.

Investors want portfolios that are clear, adaptable and connected to their personal objectives. Advisors want tools that help them deliver advice with more precision. Asset managers want their strategies implemented in ways that preserve investment intent. Institutions want scalable solutions that support deeper client relationships and recurring advisory revenue.

Managed accounts sit directly at the center of this shift.

A managed account is not simply another investment vehicle. It is a different way to organize the relationship between the investor, the advisor and the investment strategy. Instead of placing many investors into the same pooled structure, a managed account applies a professional investment approach to an individual client account.

That difference matters.

It creates room for personalization, transparency, direct ownership and ongoing portfolio management. It allows the advisor to remain central to the relationship while giving the investor a clearer view of what they own and how the portfolio is being managed.

For modern wealth management, that is a powerful framework.

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What a Managed Account Is

A managed account is an individually owned investment account managed according to a defined investment strategy.

The strategy may be provided by an asset manager, implemented by an overlay manager, directed by an advisor, or combined with other strategies inside a broader portfolio structure. The key distinction is that the investor owns the account and the underlying holdings are managed for that investor.

This differs from a mutual fund or ETF, where the investor owns shares of a pooled vehicle. In a fund, all investors participate in the same portfolio structure. In a managed account, the investment approach can be applied to the client's specific account, creating greater flexibility around implementation.

MANAGED ACCOUNTS CAN INCLUDE:

- Direct equity portfolios;
- Fixed income portfolios;
- ETF model portfolios;
- Multi-manager portfolios;
- Unified managed accounts;
- Tax-aware transition portfolios;
- Completion strategies;
- Customized restrictions; and
- Advisor-led allocation frameworks.

This flexibility is one of the reasons managed accounts have become increasingly important in sophisticated advisory relationships.

Direct Ownership Changes the Experience

Direct ownership is one of the defining features of a managed account.

When investors own the underlying securities in their accounts, they gain greater visibility into the portfolio and a more tangible connection to the investment strategy. They can see the individual holdings, understand exposures and work with their advisor to determine whether the portfolio reflects their needs.

Direct ownership can also create room for more thoughtful implementation.

An investor may need to manage around concentrated holdings, legacy positions, tax considerations, restricted securities, income requirements or personal preferences. A pooled fund generally cannot adapt to those circumstances for each investor. A managed account can be administered with those factors in mind.

This makes the portfolio more personal and more practical.

Transparency Builds Trust

Investors increasingly want to know what they own.

They want to understand exposures, risks, concentration, fees, turnover and how the portfolio is being managed. They also want their advisor to be able to explain the investment program clearly and confidently.

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Managed accounts support that transparency.

Because the account is owned individually, the advisor and client can review the actual holdings rather than relying only on the characteristics of a pooled vehicle. This makes conversations about risk, allocation and performance more concrete.

Transparency also supports better oversight. Advisors can evaluate whether a portfolio remains aligned with the client's goals, whether exposures have drifted, whether legacy holdings should be transitioned and whether the strategy continues to serve the intended purpose.

In an advice-led relationship, that visibility is essential.

Customization Is the Core Advantage

Customization is where managed accounts become especially powerful.

A client may have personal restrictions, tax sensitivities, liquidity needs, income objectives, ESG preferences, concentrated stock positions, currency considerations or views on specific sectors and regions. These requirements are often difficult to address inside pooled vehicles.

Managed accounts provide a structure for adapting portfolio implementation to the client.

CUSTOMIZATION MAY INCLUDE:

- Excluding specific securities;
- Managing around existing holdings;
- Transitioning portfolios over time;
- Adjusting exposures to reflect client objectives;
- Coordinating multiple strategy sleeves;
- Managing tax lots;
- Incorporating income needs;
- Reflecting currency preferences; and
- Applying household-level portfolio views.

The result is not customization for its own sake. The result is a portfolio that can better fit the investor.

A Stronger Advisory Relationship

Managed accounts place the advisor at the center of portfolio delivery.

That is important because clients rarely need only a product. They need guidance. They need someone to understand their circumstances, coordinate decisions, explain tradeoffs and adjust the portfolio as conditions change.

Managed accounts support that role.

They allow advisors to move from episodic product recommendations to continuous portfolio oversight. Advisors can help clients understand how different strategies work together, how holdings should evolve, how risks are managed and how the portfolio connects to the broader financial plan.

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This strengthens the advisory relationship because the value proposition becomes ongoing and visible.

The advisor is not merely selecting investments. The advisor is helping direct a personalized portfolio experience.

From Static Allocation to Living Portfolio

Client needs change.

Markets change. Tax circumstances change. Family priorities change. Liquidity needs change. Risk tolerance changes. Investment opportunities change.

A portfolio structure should be able to respond.

Managed accounts are well suited to this reality because they can be adjusted over time without forcing the client into an entirely new product structure. Holdings can be transitioned. Restrictions can be added or removed. Strategy sleeves can be modified. Asset allocation can be refined. Tax considerations can be incorporated into the implementation process.

This makes the portfolio more durable.

Rather than treating investment selection as a one-time event, managed accounts support ongoing portfolio management around the client's evolving life.

The Building Block Advantage

Managed accounts work well as building blocks within a broader wealth portfolio.

An advisor can combine different components into a coordinated structure, including direct equities, fixed income, ETFs, third-party manager strategies, thematic exposures, income portfolios and completion sleeves. These elements can be brought together in a way that reflects the client's objectives rather than the limitations of a single product.

This is especially valuable in unified managed accounts, where multiple strategies may be coordinated within one advisory framework.

The building block approach gives advisors more control over total portfolio construction. It also allows asset managers to contribute investment expertise in more targeted ways.

Instead of forcing every solution into a single vehicle, managed accounts allow different capabilities to be assembled around the investor.

The Role of Overlay Management

Managed accounts require disciplined implementation.

When multiple strategies, accounts, restrictions and client-specific factors are involved, the operational details matter. Rebalancing, trading, allocation, tax-lot management, drift monitoring, sleeve coordination and reporting all need to work together.

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Overlay management helps coordinate these moving parts.

The overlay function translates investment models into actual portfolios, manages implementation across accounts, coordinates trading and helps maintain alignment between the intended strategy and the client's account. It can also help reduce dispersion and manage the practical differences that arise when strategies are applied across many individualized portfolios.

This implementation layer is what allows managed accounts to scale.

Without it, personalization can become operationally difficult. With it, customized portfolios can be administered more consistently and efficiently.

A Better Channel for Asset Managers

Managed accounts also create opportunity for asset managers.

Many asset managers have strong investment capabilities that historically reached wealth clients primarily through funds. Funds remain important, but they are not always the best structure for every advisory relationship.

Managed accounts give asset managers another path.

Through SMA and model formats, managers can deliver strategy insight in ways that fit modern advisory platforms. Their investment process can be implemented into client accounts while allowing for transparency, customization and advisor oversight.

This can help asset managers participate in fee-based advisory programs, private bank platforms, family office relationships and multi-manager portfolios.

For managers, the opportunity is to extend investment expertise into a structure that better reflects how wealth management is evolving.

Why Institutions Are Paying Attention

Financial institutions are increasingly focused on managed accounts because they support several strategic priorities at once.

THEY CAN HELP FIRMS:

- Expand fee-based advisory;
- Create differentiated client offerings;
- Improve portfolio transparency;
- Support discretionary programs;
- Strengthen advisor productivity;
- Integrate third-party managers;
- Deliver scalable customization; and
- Move from product distribution to portfolio solutions.

This makes managed accounts strategically important, not simply operationally useful.

For banks, broker-dealers, RIAs, private banks and wealth platforms, managed accounts can become a foundation for broader advice-led growth.

The challenge is that the structure requires investment in technology, operations, training, trading, reporting and governance. The firms that address those requirements thoughtfully are better positioned to capture the opportunity.

Managed Accounts vs. Funds and ETFs

Funds and ETFs remain essential tools in portfolio construction. They offer diversification, efficiency, liquidity and broad market access.

Managed accounts do not replace them.

They complement them.

The question is not whether one structure is universally better than another. The question is which structure best fits the client need.

Funds and ETFs may be highly efficient for broad exposure. Managed accounts may be better suited where customization, direct ownership, tax sensitivity, restrictions, transparency or advisor control are important.

In many modern portfolios, all of these structures can work together.

A well-designed advisory program can use ETFs for efficient exposure, mutual funds for specialized access, SMAs for customized implementation and UMAs to coordinate multiple components inside one framework.

That flexibility is the real advantage.

The Investor Outcome

The case for managed accounts ultimately comes down to the investor experience.

Managed accounts can give clients a clearer understanding of what they own, why they own it and how the portfolio is being managed. They can make the portfolio feel more connected to the client's objectives. They can allow the advisor to personalize implementation and adjust the portfolio as circumstances evolve.

They can also help clients access institutional-style investment management in a structure built for individual ownership.

That combination of professionalism and personalization is what makes the structure compelling.

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Looking Forward

The continued growth of managed accounts reflects a broader evolution in wealth management.

The industry is moving toward advice, transparency, customization, portfolio construction and ongoing implementation. Investors want more relevant solutions. Advisors need better tools. Asset managers need modern delivery formats. Institutions need scalable infrastructure.

Managed accounts bring these themes together.

They are not the answer to every investment challenge, but they are increasingly important to solving many of the most pressing challenges in modern wealth management.

As portfolios become more personalized and advisors take on a larger role in implementation, managed accounts are likely to become a more central part of how wealth is managed.

The Case for Managed Accounts

Managed accounts provide a practical structure for modern advice.

They combine direct ownership, professional management, transparency, customization and advisor oversight in one framework.

For investors, they can create a more personal investment experience.

For advisors, they can support deeper relationships and more thoughtful portfolio construction.

For asset managers and institutions, they can open new ways to deliver investment capability.

That is why managed accounts matter.

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