CASE STUDY

Wealth Management Team $300m AUM (Adhesion $50m)

Background

The firm broke away from an Adhesion competitor after years of dissatisfaction with technology delivery and enhancements. While at the competitor, the firm utilized ETF models and their managed account offerings for its HNW clients.

Winning Solution

The team transferred accounts to Schwab. They elected to run their ETF models in-house on Orion and use Adhesion for their managed account and UMA needs.

Key Takeaways

Comprehensive

The competitor's managed accounts were almost exclusively non-qualified, utilizing Parametric for tax overlay and index exposure. The team replicated these allocations on the Adhesion platform and became heavy users of the tax service, automated harvesting, and comprehensive tax overlay.

Optimization

For a few accounts that required allocation changes during the transfer, our team created a tailored tax transition for each account. Adhesion began by mapping the positions to the new allocation and generating a tax transition report to illustrate potential gains from selling. The advisor specified a gain budget for each client. Adhesion then transitioned all positions slated for sale into a transition sleeve within the UMA, optimized against an index and designed for opportunistic harvesting. We aimed to gradually divest from the undesired assets over time, carefully staying within the client's tax budget.

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