

The Personalization Advantage: Why SMAs Are Gaining Ground

By Javier Flores
SS&C ADVENT



One of the most powerful shifts reshaping asset management today is the rise of personalized portfolios. Leading this transformation are Separately Managed Accounts (SMAs)—now widely recognized as the premier vehicle for tailored investing. In just the past two years, SMAs have seen a remarkable 30% surge in assets, according to a [Barron's](#) article citing Cerulli Associates findings.

As more investors demand strategies to reflect their unique goals, values, and preferences, firms able to deliver personalization at scale are poised to capture meaningful growth—and a decisive competitive edge.

How Do SMAs Achieve Investor Personalization?

SMA Managers enable personalization in several high-impact ways:

- **Tax Optimization:** SMAs offer improved tax efficiency through strategies such as tax-loss harvesting. By strategically selling securities at a loss to offset capital gains, managers can help investors maintain their desired exposure while optimizing tax outcomes. SMAs also eliminate inherited capital gains distributions typical of pooled products, granting investors greater control over their gains.
- **Diversification:** SMAs facilitate asset and market diversification by allowing managers to build distinct portfolios tailored to different investment strategies such as growth, value, or balanced investing. Each account contributes to the investor's overarching financial objectives.
- **Transparency and Control:** Investors demand clear insights into their portfolio performance and risks. SMAs provide an accessible and comprehensive reporting framework.

How Do Firms Implement SMAs?

Technological advancements have been the backbone of many firms' successful investing strategies, and the implementation of SMAs is no exception. As [Kiplinger](#) reported:

Access to a more personalized portfolio has been historically designated to ultra-high-net-worth investors, due to high account minimums required and archaic technology. Today's digital advancements in financial services have brought these types of

offerings to investors across the wealth spectrum, allowing them to align their portfolios with their values and financial goals.

To benefit from portfolio customization at scale, portfolio managers require solutions and partners to:

- Automate portfolio modeling, construction, rebalancing, and trade creation.
- Monitor portfolio drift to ensure alignment with desired strategies.
- Identify tax-loss harvesting opportunities and execution of trades to support tax management.
- Provide analytics insights into portfolio performance, enabling fine-tuning for optimal results.
- Offer managed services with operational support for key tasks like data management, daily reconciliation, and corporate actions processing.
- Offer deep domain expertise and consistently drive meaningful innovation.

The future of investing lies in personalization, and SMAs are leading the charge. To get ahead, start looking at your technology. Can your platform bring front-, middle- and back-office solutions together to ensure straight-through processing? Can your portfolio managers manage at scale while accounting for investors' individual preferences? Does your platform give your team insights while enabling real-time exposure analysis?

As technology continues to enhance the feasibility and reach of SMAs, investment managers who engage with the right technology partners and embrace the trend of personalization stand to gain a competitive advantage. ■

Javier Flores is the Director of Solutions Management at SS&C Advent. Discover how the [Genesis platform](#), our industry-leading investment management solution, can help you pave your way in the future of investing.

Learn more at
www.advent.com,
[LinkedIn](#)
and [Facebook](#).

