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A Startup Offers Fundsters Real-Time Control Over Sub-Advisors

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Investment managers are responsible for monitoring the behavior of their sub-advisors, to keep down costs, prevent fiduciary or legal violations, maintain overall portfolio goals and so forth, but how do they do that in the electronic trading world of the 21st century? That's the problem **Allan Chiulli** and **Tom Warren** address with **UAT's** new product, *Unified Compliance and Control System*, which they just launched this month and are currently beta-testing with one client. In UAT's own words, UCCS offers "a centralized, real-time, pre-trade compliance platform" for advisors to guide their sub-advisors.

"It's a substantial market and it's a growing market," explained Chiulli, UAT's CEO and chairman, in an interview with *MFWire*. "We realized we could really improve process."

Chiulli, a Jackson National vet who created **Curian Capital** (an SMA platform with fractional shares) in 2003, sees three important benefits to a system like UCCS: giving advisors the ability to prevent violations (of SEC regs, etc.) before they happen, keeping track of overall portfolios in real time and triaging trades between high-cost, high-touch trades and low-cost, low-touch ones.

"There's never been a technology that enabled the advisor to supervise a sub-advisor's actions in real-time," Chiulli claimed.

On the cost side, Chiulli sees mutual fund firms and other utilizers of sub-advisors savings millions each year in trading costs by differentiating between those

sub-advisor trades that need a trader involved and those that can be done cheaply instead. Englewood, Colorado-based UAT tapped **Capital Markets Consultants** to power a "HiLo Engine" that allows managers to customize the flags that trigger either high-touch or low-touch trading.

"It really is the last source of low-hanging fruit," Chiulli said, claiming a manager with \$20 billion would save roughly \$15 million in annual trading costs thanks to UCCS. "These savings can be shared between the investors, as enhanced performance, and the advisor."

"This product is a natural progression in the development of the sub-advised industry," Chiulli added, noting that UCCS "was a very difficult nugget to crack."

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