



## **Strengths of Series Trusts Asset Management Advisory Committee**

*Presentation by Dave Carson, SVP*

*September 27, 2021*

# Dave Carson

*SVP Client Strategies, Ultimus Fund Solutions; Trustee of Ultimus Managers Trust and Unified Series Trust*

- ▲ Currently interested trustee for two series trusts
- ▲ Co-directs Ultimus series trust Working Group, which oversees 10 sponsored series trusts
- ▲ Over 27 years experience including service as Trust President; as Chief Compliance Officer for investment companies and asset managers; and Senior Marketing Officer for mutual funds and wealth management services
- ▲ Led establishment and launch of Huntington Strategy Shares, an early actively-managed ETF family

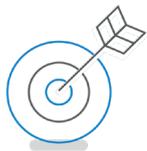
# Ultimus: Boutique Service & Industrial Strength

## *The industry's leading Series Trust Governance Platform*

- ▲ The Ultimus multi-series trust platform enables asset managers to bring new product to market in an efficient and thoughtful manner so they can focus on raising and managing assets.
- ▲ Our platform also provides small and mid-size asset managers access to an established governance structure, with trustees who have significant experience with the requirements of the Investment Company Act of 1940.



*Administering over **\$45b+** in series trust assets*



*Supporting both Mutual Fund and ETF strategies across all major asset classes, strategic Audit, Counsel and Custody partners*



*Proactive distribution guidance and asset raising insights*

### 2020 & 2021 Recognition

**Best Multi-Series Trust Provider**

Fund Intelligence Operations & Services Awards 2021

**Mutual Fund Administrator of the Year**

Global Custodian Industry Leaders Awards

**Best "40 Act" Fund Administrator**

Hedgeweek USA Awards 2019



# Series Trust Model for Mutual Funds and ETFs



# Why Series Trusts?

*Ultimus believes Series Trusts align well with the mission of the Securities and Exchange Commission.*

- ▲ Mutual funds facilitate risk management for investors, with the rigorous regulatory framework and compliance policies and procedures programs.
  - △ Series trusts allow smaller asset managers to offer innovative investment strategies while accessing established compliance programs and experienced trustees
- ▲ The offering of strategies from small and mid-size asset managers supports capital formation. Smaller strategies can efficiently and profitably invest in the securities of smaller issuers, at a scale that may not be effective for large asset managers.
  - △ The governance structure of series trusts, including established boards and compliance programs, can support Congress' goals in providing risk management for investors while facilitating capital formation.
- ▲ Series trusts tend to have established relationships with broker-dealers and other market participants, supporting the securities trading operations of asset managers as well as access to asset gathering.



# Asset Manager Benefits from Series Trust

<b>Time to market</b>	<p>Because series trusts eliminate the need to create the trust structure, using a series trust can save 2-3 months compared to starting a proprietary trust. This comes from eliminating state trust filings, saving identifying and recruiting trustees and service providers, and putting the fund(s) on the 75-day effectiveness timeline.</p>
<b>Asset manager administrative burden</b>	<p>Using an experienced administrator means all aspects of the trust are supported by people who are engaged in 1940 Investment Company Act business full-time, rather than as a part-time side job—and allows the advisor to access that expertise from a single primary source.</p>
<b>Operational costs</b>	<p>Series trusts take a variety of approaches to allocating costs, but at a minimum can provide “volume buying” of services from professional firms such as trust counsel and accounting firms, providing certainty and cost-effectiveness to asset managers.</p>
<b>Organizational costs</b>	<p>Asset managers new to the fund industry needn’t face such hurdles as creating and filing of state trust documents, obtaining a seed audit, establishing insurance coverage, and BlueSky expenses that the series trust has already addressed.</p>
<b>Financial intermediary platform access</b>	<p>The series trust sponsor likely has relationships with national and regional “supermarket platforms” that can smooth the sponsoring asset manager’s access to asset gathering/distribution.</p>
<b>Time and effort</b>	<p>Asset managers in series trusts are not just small boutique firms. Some mid-size firms prefer the structure because they prefer not to spend resources on effort that is core to the administrator but likely an ancillary function for the asset manager. That allows them to focus on quality portfolio management.</p>



# Asset Manager Benefits from Series Trust – cont'd

<p><b>Quality control</b></p>	<p>Engaging an experienced administrator provides access to professionals focused full-time on fund and securities legal services, accounting and financial administration, SEC and IRS law and regulatory compliance, statutory distribution, and shareholder support, and the framework to provide ongoing oversight of all functions</p>
<p><b>Trustee expertise</b></p>	<p>Series trust boards are comprised of intelligent women and men who are experts in relevant areas and—importantly—<i>independent</i> of the asset manager.</p>
<p><b>Independent board chairs</b></p>	<p>The chairs of all Ultimus-sponsored trusts are independent of both Ultimus as sponsor and all asset managers in the trust. That independence prompts the trustees to focus on the need to minimize risk for shareholders and asset managers.</p>
<p><b>Asset manager diversity</b></p>	<p>The benefits on this and the preceding pages demonstrate reduced barriers to entry, while maintaining strong governance, which supports access to asset management for non-majority asset managers.</p>
<p><b>Onshore vs offshore</b></p>	<p>Ultimus has chosen to provide all its services with staff located onshore, working in communities from Long Island to Colorado, which matches the time zones of most US-based asset managers.</p>
<p><b>Interval funds</b></p>	<p>It is interesting to note that current regulations precludes a true series trust solution for interval funds, which keeps asset managers offering those strategies from taking advantage of the benefits described above.</p>

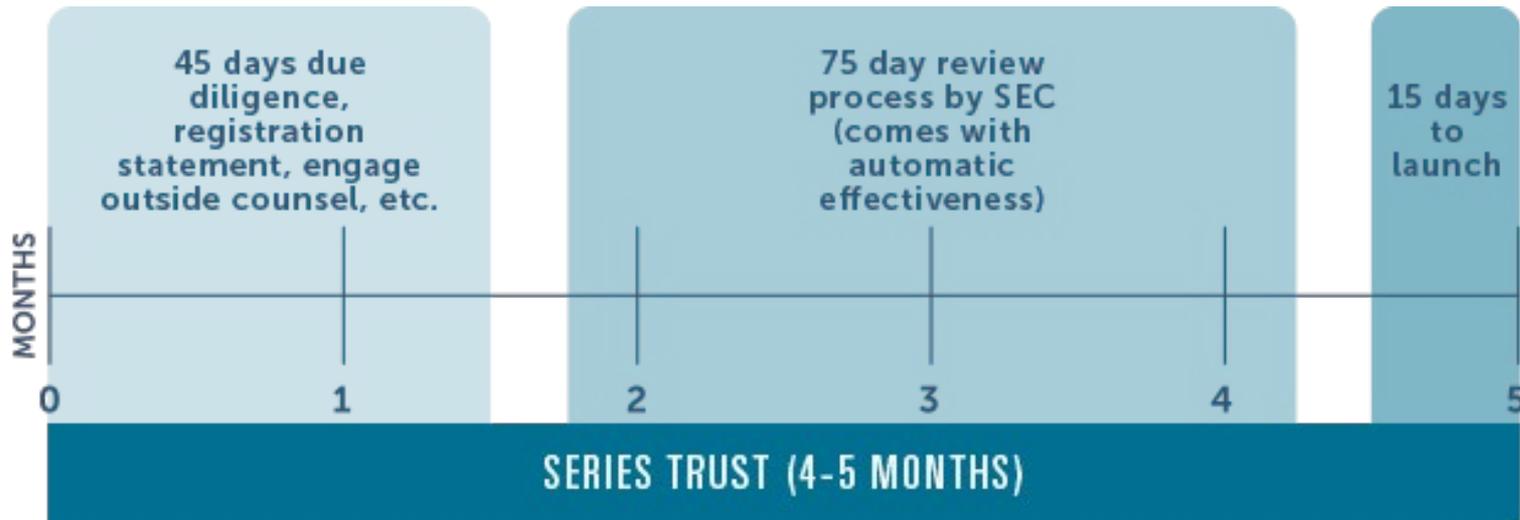


# Shareholder Benefits from Series Trust

<b>Operational and organization costs</b>	As mentioned previously, the Series Trust structure can provide reduced costs during both the organizational and operating phases of a fund, which benefits shareholders by providing access to diverse strategies and/or reducing expenses to access those strategies. It also allows for accessing expertise from a single primary source.
<b>Financial intermediary platform access</b>	The series trust sponsor likely has relationships with national and regional “supermarket platforms” that can smooth the sponsoring asset manager’s access to asset gathering/distribution.
<b>Trustee expertise</b>	Series trust boards are comprised of intelligent women and men who are experts in relevant areas and—importantly— <i>independent</i> of the asset manager.
<b>Independent board chairs</b>	The chairs of all Ultimus-sponsored trusts are independent of both Ultimus and all asset managers. That personal liability prompts them to always be aware of the need to minimize risks, for shareholders and asset managers alike.



# Series Trust Fund Launch Timeline



## Initial Board Meeting

- ▲ Review the Investment Advisory Agreement and Expense Limitation Agreement;
- ▲ Respond to the 15(c) Questionnaire;
- ▲ Provide its compliance policies and procedures; and
- ▲ Provide its pitch book.



# Why Series Trusts?

- ▲ Align with SEC mission
- ▲ Governance structures facilitate risk management for asset managers and investors
- ▲ Cost- and time-effective

