



Alts Platform Inks Deal with SEI To Streamline Access for Advisors

By Danielle Verbrigghe May 1, 2018

Alternative investment platform CAIS has inked an agreement to use **SEI** technology to make it easier for financial advisors to invest client assets in private equity and hedge fund products.

The technology is meant to eliminate some of the historically manual and paperwork-heavy processes involved in investing alternative investment funds. The outsourcing arrangement marks a departure for CAIS, which has traditionally relied on its in-house technology to automate the subscription process to alternative investments.

From a strategic standpoint, this will enable CAIS, which has raised nearly \$6 billion in assets for alternative investment funds on its platform, to focus its internal technology resources on other areas earlier in the financial advisor decision-making process, says Tim Shannon, president and COO of CAIS.

The relationship with SEI also adds additional efficiency for fund providers, Shannon says. “The fund providers will really benefit from this as well.”

The agreement, described as a strategic relationship, brings CAIS access to SEI Trade, a cloud-based system that automates processes around handling, documenting and tracking private fund transactions for investors.

“CAIS had been delivering a technology solution for private fund subscription documents prior to engaging SEI, but in our work, we recognize that SEI has really taken that to the next level,” says Shannon. “We did a very thorough search and SEI was the clear leader.”

The SEI Trade system brings “significant scale benefits” from an operational perspective, says **Phil Masterson**, senior v.p. and managing director of SEI’s investment manager services division.

“It also very importantly reduces risk for all parties involved,” Masterson says. “When you talk about paper subscription, we’re finding roughly 80% of paper documents have errors in them. The digital experience really mitigates that risk.”

The system also simplifies the process for alternative asset managers distributing on the platform, Masterson says.

“From an asset manager’s perspective it compresses the asset raising timeframe, because you’re replacing a very cumbersome process with a very scalable streamlined process,” Masterson says.

CAIS is one of a number of platforms that have sprung up over the past decade to connect alternative investment managers to independent advisors. Others competing in this market include iCapital Network and Artivest, which earlier this year announced plans to merge with Altegris.

A key value proposition of these platforms is using technology to simplify the process for independent financial advisors to access true, non '40 Act, alternative investments like hedge funds and private equity.

While not all independent advisors are interested in using alternative investments, for the subset who are, ease of access can go a long way in increasing adoption, consultants say.

For independent advisors, investing in alternatives historically meant dealing with problems in terms of paperwork, delays, getting K-1s and filing for taxes, says Tim Welsh, president of Nexus Strategy.

“Anything that can streamline that ... is going to be welcome with open arms,” Welsh says.

But with multiple alts platforms targeting the industry, there is some competition for advisors. Platforms that can harness technology effectively may be best positioned to win adoption from independent advisors.

“The more you make it easy and seamless and aggregated for an advisor, the more likely they are to do business with you without a doubt,” Welsh says.

Alternative asset managers are also increasingly interested in such platforms to facilitate electronic distribution.

“The industry sees electronic distribution as the future,” Welsh says. “The wholesalers of the world are sort of turning into dinosaurs.”