



MANAGER SPOTLIGHT:

# SUMMIT GLOBAL INVESTMENTS

CCO Bryce Sutton discusses the decision to use series trust model, which relationships the firm still handles internally

By Danielle Kane

For emerging asset managers, setting up an operational infrastructure can be daunting and use up limited resources the firm needs to allocate to portfolio management. To avoid this issue, Bryce Sutton, CCO at Summit Global Investments, and his partner, CIO David Harden, joined the RBB Fund series trust in 2011, Sutton told *Fund Operations*.

Summit Global Investments manages \$750m in client assets and did not have the capacity to contract with different service providers. This would have included searching for, hiring and coordinating with fund administrators, fund accountants, custodians, distributors and a host of technology and data management providers, Sutton said.

In a series trust fund, this infrastructure already exists, giving managers access to the vendors they need, as well as a board of directors under the roof of one fund administrator. RBB uses US Bancorp Fund Services.

"To gather all of those different vendor relationships would have been a real hard time for us to put together on our own, at least in any efficient manner," Sutton told *FO*. Some of the benefits Summit recognized included pre-negotiated fee arrangements and an established network of billions of dollars in assets under administration run by US Bancorp. Sutton also emphasized the importance of getting on distribution platforms they may not have been able to join otherwise.

"The series trust had numerous selling agreements already in place, and that made it so much easier for us to go through the due diligence process," Sutton said. "Each [distributor] looked at us through a different light than if we had done it on our own."

For emerging and small managers, negotiating with distribution platforms can be difficult without sufficient assets under management or a household name behind them, Sutton explained. "Distributors will put you through the ringer if they don't think you're going to be around in a couple of years, or they could totally ignore you," Sutton said. "So, having that network established really opened the doors."

### Behind the scenes

Denise Coursey, president of Motley Fool Asset Management, previously told *FO* the incubator model allows small firms to focus on growing assets rather than constructing and overseeing a back office.

Once the deal is inked, managers have to establish a governance structure with its fund administrator, and fund executives need to understand how their roles and responsibilities might change,

according to Sutton.

Sutton works as Summit's CCO and COO. Although US Bancorp provides most back-office functions, Sutton manages each departmental relationship individually, from transfer agency to distribution.

"I have to work with each one of those verticals separately," Sutton said. "For example, when we're putting together our quarterly fact sheets, I have to go to Quasar, US Bancorp's distributor, directly. Or if we get a request from the technology provider, Broadridge, for Summit's prospectus, I have to ensure it is delivered to them directly. So, while we do work at the series trust level, I also need to [handle tasks] at the fund level internally."

Sutton also handles several vendor relationships outside the series trust. These include data providers such as Bloomberg, Eze Castle for the portfolio management and order management systems, and Advent for performance reporting. "These are our own external vendors that we need to use to manage products day to day and are outside of the contracted relationships we have with the series trust that we have to use," Sutton said.



**It's amazing how much is required to manage money today. People want to ask, 'Why does my mutual fund cost 98 basis points?' But really, they have no idea what goes into it"**

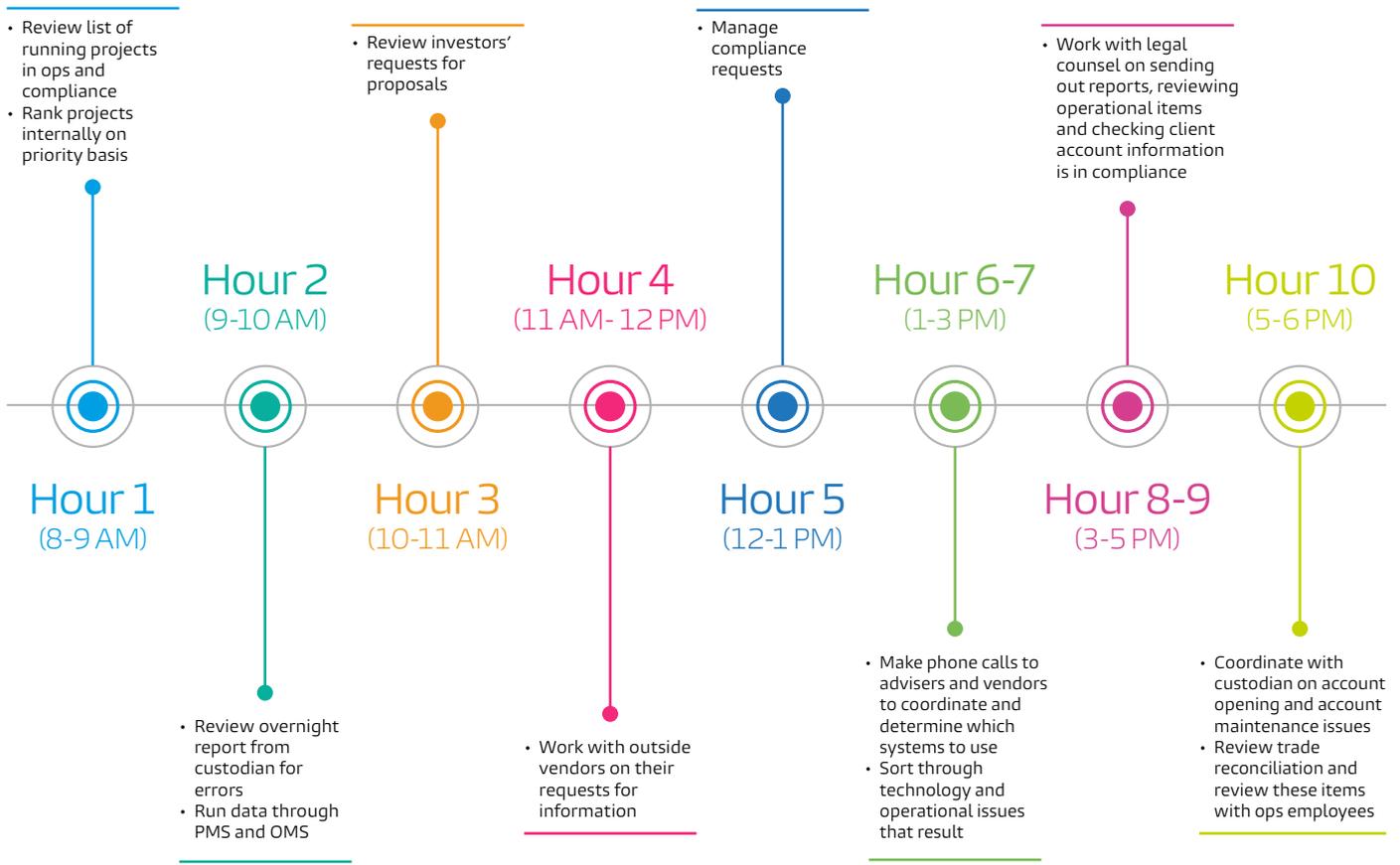
US Bancorp's third-party compliance firm, Vigilant, handles big-ticket items, such as responding to new Securities and Exchange Commission regulations. Vigilant handles the bulk of operational changes needed under new reporting requirements, such as the data modernization and liquidity risk management rules, while US Bancorp's legal counsel handles regulatory filing.

Sutton's compliance work includes requests that come to the mutual fund from non-contracted vendors. But for the most part, regulation-driven systems or procedural changes flow through Vigilant, according to Sutton.

### Understanding ownership

Because series trust models include so many relationships, understanding the governance structure can be difficult, according to Sutton. He cautioned other firms considering or beginning a relationship with a series trust provider to ensure they understand these complexities and have a clear outline of responsibilities.

# # A typical day for Summit CCO Bryce Sutton



US Bancorp provides a relationship manager to investment companies in the RBB series trust, as well as a detailed document to outline which group is responsible for what.

For example, at Quasar there are five teams and about 30 employees across its advertising, website services and other departments. Sutton often uses US Bancorp's outline to determine who best to contact since he manages this relationship.

Sutton emphasized, however, that despite the large network of firms with which Summit shares information, the fund company maintains data ownership. "We own the data because it's our holdings and it's our information," he said.

### Day at a glance

Sutton splits his day between reviewing internal operations and monitoring vendor relationships (for full breakdown, see graphic above).

Summit's operations teams are "bombarded" with more investor and vendor requests than the

current team can handle, and are looking to make two new hires for this reason.

On the technology front, Sutton dedicates a large portion of his day to coordinating outside vendors and advisers. He helps them determine which back-end system to use for certain tasks, and works with each adviser on any resulting operational issues. The lack of interconnected systems and platforms is a major headache for a small mutual fund, he said.

"We spend way too much time, for example, trying to get our order management system and our broker to be able to talk to our custodian on a fixed connection. Just getting that fixed connection running can take months," Sutton said.

"It's amazing how much is required to manage money today," he added. "And it has nothing to do with managing the actual money – literally nothing. People want to ask, 'Why does my mutual fund cost 98 basis points?' But really, they have no idea what goes into it." ●