

ALPS DISTRIBUTORS, Inc.

Trends and Key Considerations to Platform Onboarding



Distribution Services - Intermediary Operations

Real Change is Occurring within the Platforms

<u>Platform Onboarding Requirements – Old Way:</u>

- Launch new fund family and have immediate access to all platforms and broker dealers once setup fees were paid
- Fund families could leverage Series Trust agreements to get new funds added to the major platforms without Financial Advisor demand and limited due diligence requirements
- If demand was required to onboard to a particular platform, a simple email from any affiliated Financial Advisor would allow for setup of the new fund on the platform



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Platform Onboarding Requirements – Current Day:

- Platforms now require significant Advisor demand (up to \$25 million or more) prior to accepting any new fund clients for onboarding
- Time frame to onboard to platforms once demand has been aggregated and verified can take upwards of three months before operational setup is completed and purchases can flow into the platform
- Fund clients with existing selling agreements who wish to launch new funds on the platforms are now required to have real dollar demand from an influential Advisor before a new fund will be added to platform
 - For some platforms, the FA submitting the fund addition must manage aggregate client AUM of \$100 million or more before consideration



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Five Key Questions Every Start-up Should Ask:

- What are the hurdles that could hinder our distribution strategy?
- Has our firm correctly aligned its product's fee structure with our firm's target market(s)?
- What are the eligibility requirements before our product can gain access to our target market?
- What are the economic cost to on-board our product on the key mutual distribution fund platforms?
- What is the asset size needed before a key platform becomes profitable?