

10 APR 2023 Jennifer Grybowski

Vident to focus on subadvisory, SMAs after cash injection

CEO Vince Birley talks plans for inbound capital following sale to Casey Crawford

This article relates to:



Vident Advisory has been acquired by entrepreneur Casey Crawford, ex-NFL champ and current owner of the Movement franchise, spurring innovation into SMAs and proxy services as well as expansion of the firm's subadvisory services.

The \$6.9bn Alpharetta, Georgia-based firm has entered into a definitive agreement for all business operations across its three arms- Vident Advisory, Vident Investment Advisory and Vident Financial-which will now operate under the Vident Asset Management brand. Crawford is also making a significant growth equity investment into the firm.

"He has a long-term mind-set, not a private equity in and out mindset," Vident CEO Vince Birley told With Intelligence. "That was very attractive to me."

All current personnel will stay in place through the deal, which is expected to close in Q3.

Birley met Crawford about 18 months ago through another client Crawford works with. Crawford is the co-founder and CEO of Movement Mortgage, as well as chairman of Movement Bank and Movement Insurance.

Vident has plans to put the infusion of Crawford's growth equity capital to work immediately.

First up, the firm will turn to its subadvisory business, where it says it has had to turn away clients due to demand. The new cash will fund investments in much-needed operational and technology processes to support the management team in order to free up capacity for new clients.

Vident currently subadvices 41 funds worth \$5.2bn – including its four proprietary funds – for firms like abrdn and Pacer, according to Morningstar Direct.

Top 10 large growth NT ETFs, by 1-yr flows (\$m)

Source: Morningstar Direct, end of March

Vident is also expanding its foray into subadvising SMAs, including direct indexing SMAs, another area in which it needs capital to grow distribution and relationship management capabilities.

Specifically, the firm is targeting RIAs, asset managers and institutional clients for this service.

“What I see as an opportunity is being the intel inside for managers to build their solution,” Birley said. “Instead of getting them on a platform like Parametric or Canvas, we will build out a solution for wealth managers’ investment IP and that’s a big win for them because it allows them to tell the same investment story.”

A third area Vident is looking to build out is outsourced corporate engagement and proxy services. The firm recently designed a proxy policy guideline for a wealth manager, and in doing so giving that manager some ownership over the process.

“It was a big deal for that manager to have some input and ideas on how the proxies will be voted,” Birley said. “Asset managers need to pay a lot of attention to that coming up and have to be really thoughtful about it.”

Where Vident does not plan to use Crawford’s capital is to make any pick-ups of its own.

“We are very disciplined in our market channel,” Birley said. “We are not out to compete with our clients, we really want to support them.”

Vident will be affiliated with Crawford’s other companies but will be owned directly by Crawford via a separate holding company.

While Vident will exist independently alongside Crawford’s other businesses, the firm expects to incorporate the culture of the Movement businesses into its own by focusing on more charitable endeavors.

“Casey has a view of the financial services world we identify with,” Birley said. “We love the way he’s investing in communities and it really resonates with our team; those values are important.”

Vident Financial started as an index provider and in 2014 the firm began building out its subadvisory business.

Vident offers asset management and sub-advisory services, as well as data, index and quantitative research and execution, and portfolio and strategy design capabilities. In addition to its propriety ETF suite, subadvised ETFs and SMAs, the firm also manages several Ucits and private funds.

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