

Closing the Execution Gap: How Outsourced Trading Elevates TAMPs

By Mark Viani and Rob McHeffey, Institutional Sales at CAPIS Turnkey Asset Management Platforms (TAMPs) have become a cornerstone of modern wealth management. First introduced in the 1980s, these firms have experienced dramatic growth over the past two decades, with total AUM in the multi-trillion-dollar range. Today, roughly half of financial advisors work with a [...]

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Turnkey Asset Management Platforms (TAMPs) have become a cornerstone of modern wealth management. First introduced in the 1980s, these firms have experienced dramatic growth over the past two decades, with total AUM in the multi-trillion-dollar range. Today, roughly half of financial advisors work with a TAMP (<https://proactiveadvisormagazine.com/wealth-management-trends-the-benefits-of-third-party-active-investment-management/>).

The value proposition is clear: by providing streamlined access to investment models, tax strategies, and client reporting, TAMPs reduce operational complexity so advisors can focus on delivering sophisticated investment strategies and managing client relationships. All told, there are over \$2 trillion in assets under management or advisement currently on TAMPs.

But amid this progress, one critical function remains underexamined: trade execution. TAMPs often treat execution quality as an afterthought compared to flashier offerings: modern front ends, performance analytics, and the like. That approach is increasingly difficult to justify in an environment where cost sensitivity is high, fiduciary expectations are rising and even a few basis points of performance can influence manager selection and client outcomes.

Our outsourced trading relationship with iH2 Advisors & Company – an affiliate of inCadense, a global managed accounts provider – is a case in point. By integrating CAPIS' outsourced trading desk with inCadense's digital International Turnkey Asset Management Platform (iTAMP), we're helping managers

like iH2 streamline mandate implementation and rebalancing across complex global strategies. This enables RIAs to oversee UCITS managed accounts, global SMAs, and high-yield fixed income solutions that would otherwise be difficult to source and manage efficiently.

It's a unique, innovative partnership that highlights a broader truth: TAMPs across the industry can benefit from outsourced trading in similar ways.

A Costly Execution Gap

TAMPs excel at what they were designed to do: providing advisors with efficient technology, tax management strategies, and centralized reporting. Where most fall short is execution. Trading is too often treated as clerical box-checking – pushed through custodians with little thought to outcomes. That mindset may bleed performance. What should be a lever for alpha preservation may become a slow leak that managers and their clients pay for year after year.

Several structural factors contribute to this gap:

- **Overreliance on custodians.** Many TAMPs execute primarily through custodial platforms, limiting access to alternative liquidity sources and price improvement opportunities.
- **Tax focus without trading rigor.** Tax-loss harvesting software is valuable, but if the trades themselves aren't executed institutionally – using program trades that are sector- or dollar-neutral – the benefits can be offset by slippage or market impact.
- **Conflicts of interest.** Some platforms with affiliated broker-dealers may route trades based on payment for order flow, boosting platform revenue while reducing transparency for end investors.

The result is that execution quality – arguably one of the most important drivers of portfolio outcomes – is often overlooked. Yet the consequences are very real. A difference of 10 to 30 basis points in performance can mark the difference between quartile one and quartile two. Over time, that spread determines whether an asset manager retains flows or loses them. For advisors and clients, it directly impacts trust and satisfaction. Clients may not be poring over transaction cost analysis (TCA) disclosures (not all of them, anyway), but they do look at the bottom line – and if another TAMP approaches them offering lower overall costs, they'll take notice.

The Case for Outsourced Trading with CAPIS ARC

This is where outsourced trading becomes a natural extension of the TAMP model. Fundamentally, if execution is not a core strength, it only makes sense to rely on professionals whose expertise and infrastructure are designed to deliver best execution consistently.

A critical part of that process is trading away to broaden access. For TAMPs, the ability to route orders beyond specific custodial platforms is central to preserving client outcomes. But the reality is most platforms are not equipped to trade away at scale. They're boxed in by custodial rails, leaving managers stuck with limited venues and investors footing the bill for subpar fills. Calling that "best execution" strains credulity. By canvassing multiple venues – lit and dark pools, global exchanges – outsourced trading desks may be able uncover additional liquidity and improve pricing far beyond what custodial platforms alone can offer.

Outsourced trading provides several other advantages, including:

- **Institutional trading practices.** Techniques such as program trading and block execution reduce market impact and ensure trades are processed efficiently at scale.
- **Transparency and accountability.** Granular TCA disclosures, along with careful pre- and post-trade reporting, validate whether execution truly added value.
- **Operational relief and optimization.** By shifting execution responsibilities to specialists, TAMPs can redirect resources toward the areas where they really excel – technology, advisor support, and distribution.

At CAPIS, many of these advantages come together in CAPIS ARC (<https://capis.com/service/wrap-custodial-solutions/>), our purpose-built solution for the managed accounts ecosystem. ARC enables managers to aggregate orders across platforms and models to execute fairly and efficiently, ensuring that no participant is disadvantaged by the arbitrary sequencing of trade rotation. Just as important, ARC provides the infrastructure to handle trade-aways and step-outs at scale – an area where most TAMPs are limited. By pairing ARC with our institutional trading capabilities, CAPIS helps platforms capture efficiencies while preserving transparency across all accounts.

This matters because the very strength of the TAMP model – bringing thousands of advisors and models under one umbrella – creates unique execution challenges. Without a framework like ARC, trade rotation can introduce delays, performance decay or perceived inequities. With it, TAMPs can embed efficiency and fairness directly into their platforms, strengthening their value proposition to advisors and end investors alike.

Looking Ahead: Elevating the TAMP Model

The TAMP industry has made impressive strides in technology, distribution, and advisor-facing tools. Yet in many ways, its execution practices remain unchanged from decades past. That gap is increasingly untenable.

Globalization of investment demand, the shift toward more complex SMAs, and persistent fee compression all point to the same conclusion: execution quality can no longer be an afterthought. It is central to delivering on fiduciary responsibility, preserving alpha, and maintaining advisor trust.

Outsourced trading offers a practical, scalable way to close this gap. By leveraging independent, agency-only providers with solutions like CAPIS ARC, TAMPs can align execution quality with the same level of sophistication they already bring to tax management, compliance, and technology.

The next generation of TAMPs will not be defined solely by their front ends or tax tools. They will be distinguished by their ability to deliver institutional-quality execution alongside those features. Outsourced trading is not about replacing what TAMPs do well – it's about aligning limited resources, complementing their strengths, and positioning them to compete in a marketplace where every basis point counts.

<https://capis.com/closing-the-execution-gap-how-outsourced-trading-elevates-tamps/>

