SMAs have reached a turning point. Advisers need providers that do more.

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For advisers, the first wave of Managed Accounts solved a practical problem: reducing administration, simplifying portfolio management, improving consistency and freeing more time for client conversations. It was compelling and it worked. Managed Accounts are no longer emerging; they are now a mainstream advice solution.

But once a solution becomes widely adopted, the question for advisers changes. Efficiency is no longer enough on its own. If most SMA providers can help streamline a practice, advisers need to ask what else they are bringing to the table.

Today, the question is no longer which SMA provider can make a practice more efficient. It's which provider can help advisers deliver better client outcomes, access broader opportunities and build more resilient portfolios, without adding unnecessary complexity.

What should advisers expect from the next generation of diversified SMAs?

Perhaps unsurprisingly, it's not another set of SMAs.

It's the ability to help advisers expand the investment opportunity set for clients turning scale into tangible benefits, improving access and maintaining tax-efficient structures that are practical to implement in client portfolios.

Historically, SMA builders have worked within a relatively narrow toolkit. Listed shares, ETFs and managed funds have formed the foundation of most diversified SMAs.

It was a practical approach that reflected the investment opportunities readily available to advisers and portfolio builders at the time. Accessibility, simplicity and scalability were among its greatest strengths.

The challenge for advisers is that many attractive investment opportunities remain beyond the reach of retail investors. Private assets, specialist institutional managers, individual mandates and differentiated strategies often require scale, access and portfolio construction expertise that are difficult to source independently.

This is where the next generation of diversified SMAs can make a meaningful difference for advisers. Future leaders will compete on capability, because efficiency is now expected.

For advisers, that means three things:

1. Turning scale into client and practice benefit
2. Providing safer access to private assets
3. Bringing institutional capability into adviser portfolios

1. Turning scale into client and practice benefit

In the early growth of managed accounts, advisers rightly assessed SMA providers through a practical lens: what will it cost, how simple is implementation, how much time will it save, how easy is it to explain to clients, and is this provider easy to work with?

Those questions still matter. But as the SMA market matures, they are becoming harder to use as points of difference. A key criterion is how effectively a provider uses its scale to support advisers and their clients.

Most SMA providers can secure some reduction to standard retail pricing, but not all scale is equal. The more relevant question for advisers is whether a provider can narrow the gap between what retail investors have traditionally accessed and what institutional investors have enjoyed for years.

That may result in lower investment costs, access to opportunities that are difficult to source individually, or portfolio structures that enable manager changes in a more tax-efficient way. For advisers, these less visible advantages can become important proof points in client conversations.

2. Safer access to private assets

Client expectations are changing, and advisers are being asked to build portfolios that can access new sources of return and diversification beyond traditional listed assets. For diversified SMAs, the challenge has never been about access alone. It's how to provide access to inherently illiquid asset classes safely, in a way advisers can implement and explain with confidence.

Many SMA providers have explored monthly unit-priced funds but wrap platforms can find them difficult to administer within an SMA. Others have considered private market SMAs that access private market retail managed funds.

The reality is that these approaches can undermine the efficiency benefits advisers wanted from SMAs in the first place. When it comes to private assets, advisers need solutions that balance liquidity, governance, portfolio construction and client outcomes.

That trade-off is being challenged. Incorporating private assets successfully requires more than a new allocation. The real question for advisers is whether an SMA provider can access the investment benefits super funds have enjoyed for years, without losing the simplicity and efficiency of a diversified SMA. As the landscape evolves, the advantage may sit with providers prepared to reinvest and build the capability advisers need.

3. More capability in adviser portfolios, without more complexity

To date, diversified SMAs have often been limited to the funds and capabilities available through wrap platform menus, whether hidden or public. Many of these are good strategies, but advisers building portfolios at scale should not have to settle for "good".

The challenge is identifying which SMA providers have the access and scale to secure truly differentiated strategies that can strengthen client portfolios.

Access to great strategies is easier said than done. It can take years of engagement, relationship building and proof of partnership through market cycles – plus the scale to convert that access into client benefit. For advisers, that matters because it can create a stronger proposition without adding more work to the advice process.

Ultimately, the next generation of diversified SMAs should help advisers do more for clients without creating more complexity in the advice process. It should keep expanding and improving the opportunity set, while preserving the simplicity, transparency and discipline that made SMAs successful in the first place.

The question advisers should be asking

Ten years ago, SMAs helped advisers modernise portfolio implementation. Today, they are the starting point.

The real question is whether your SMA solution is simply making the old model more efficient or helping you deliver a stronger client proposition through broader access, deeper capability and better portfolio outcomes.

As the next generation of SMAs comes to market, the edge will shift to providers that keep improving and reinvesting in the proposition by expanding the opportunity set, bringing institutional capability into adviser portfolios and using scale to help advisers deliver more for clients.

In a market where efficiency has become standard, the real differentiator for advisers is what comes next: broader access, deeper capability and better investment outcomes for clients.