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Midwest Managers Strike $1.3B Fixed Income Deal

By Morgan M. Davis September 12, 2013

Baird **Advisors** has acquired an institutional fixed income business from fellow Midwest asset manager Dearborn Partners, taking control of Dearborn clients it had sub-advised for 13 years.

Dearborn is a Chicago-based institutional and private client asset manager with more than $2 billion in assets under management, according to **eVestment**. Baird Advisors, a subunit of Milwaukee-based Robert W. Baird **& Co**., specializes in investment grade fixed income asset management, and manages over $18 billion of Baird & Co.'s more than $100 billion in assets. The fixed income assets that Baird has acquired from Dearborn are made up of Taft-Hartley plans and public funds, and total around $1.3 billion. Baird did not disclose the price paid for the assets.

As a result of the deal, Dearborn institutional team members will move over to Baird beginning September 30. Managing director **Jeffrey Simmons** will work in the same role at Baird. Director **Adrianne Limjoco** will be v.p. and marketing specialist, and **Erika Haska** will be a portfolio management specialist. Managing director **Cal Pederson** and marketing director **Steve Hurlbert** will work as consultants to Baird, while also continuing to hold their current Dearborn roles.

"It's great to add an experienced team under our roof," says **Charles Groeschell**, managing director at Baird. The acquisition, he says, is "the evolution of a great relationship."

"We've worked alongside the Baird Advisors team and know it is a great fit given our shared fixed income focus and commitment to excellent results," says Simmons in a press release. "The same investment management and servicing team will now provide top flight service from the same firm."

Baird is always looking to expand, Groeschell says, noting that the firm hired a small and mid-cap value team from **Riazzi Asset Management** early last year. Baird has also bulked up elsewhere in the money management industry. Its **Baird Private Wealth Management** division has grown significantly, with more than 300 new advisors and branch managers for its regional offices since 2009, including seven in Houston, two in Chicago and one in Minnesota this past summer, as reported.

For its part, Dearborn will continue managing its own institutional clients that do not use Baird products, according to **David Bender**, managing director at Dearborn. "We still have a strong orientation to institutional investors, especially for Taft-Hartley," he says.

The only difference for the transitioning funds will be the house they are managed in. Clients will not notice any change in service, Groeschell says.

Baird isn't the only sub-advisor moving advisor teams in-house, says **Steven Levitt**, managing director at Park Sutton Advisors. "It really just represents a party wanting to control that relationship with clients," he says. The move is likely not a cost-cutter as being an advisor requires a different business model than being a sub-advisor, Levitt adds. But, sub-advisors can more easily be fired, giving more appeal to being in direct contact with clients.

Some sub-advisors, like Baird, may also have more resources to better develop and grow funds, making such an acquisition natural. "Fixed income is an area where you really need to have scale," Levitt says.