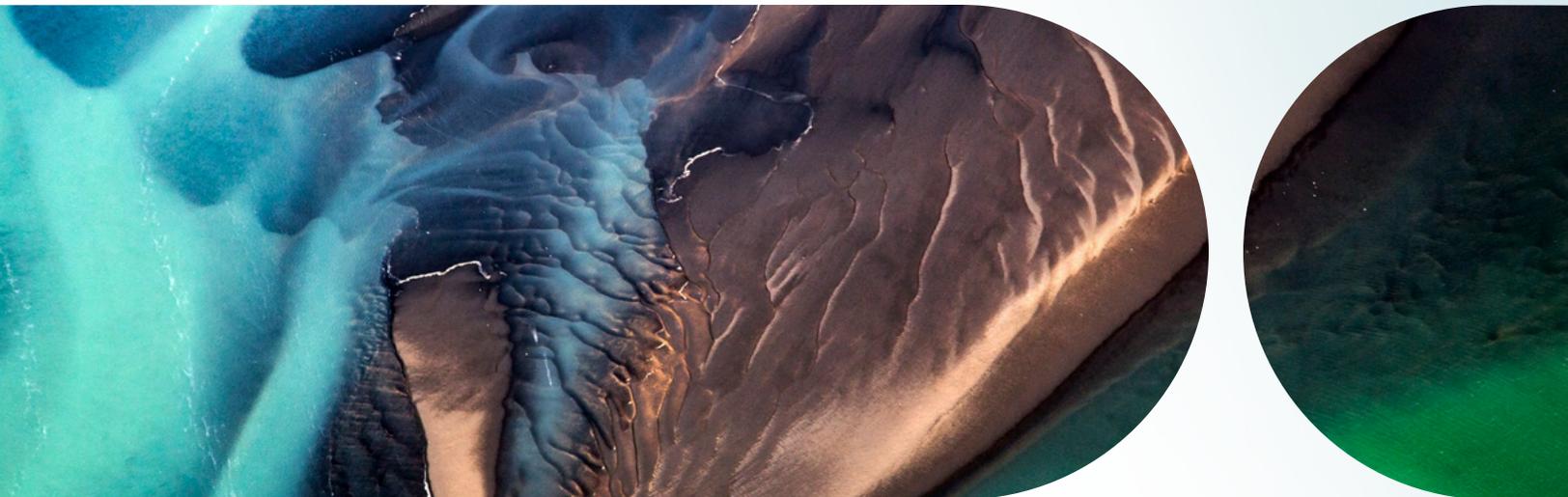


THOUGHT LEADERSHIP

Beyond Traditional Wealth

Building a Competitive Advantage with
Unique Assets Expertise



For trust administrators and wealth managers, high-net-worth (HNW) client assets often go well beyond traditional stocks and bonds. They may include alternative investments, real estate, collectibles, and, in some cases, unique assets such as mineral rights—specifically interests in oil and gas leases.

Often passed down over generations, oil and gas rights can be complex to value, track, and explain to clients. As a result, some trust providers may be hesitant to get involved with trusts that include these types of assets, which means missing out on a sizeable market segment and a significant opportunity to win and retain high-value clients. The good news is that solutions exist today that enable trust officers and wealth managers to easily track, view, and report on their clients' oil and gas assets alongside their other holdings.

This whitepaper demystifies the complexity around oil and gas interests and explores how firms can leverage specialty asset expertise to serve clients more effectively and build long-term loyalty.

The Growing Importance of Unique Assets in Wealth Management

Oil and gas assets can be characterized as real assets or energy sector investments, asset classes that have seen increased allocations in recent years.¹ In times of inflation and financial market volatility, demand rises for diversification into

tangible assets such as oil and gas, which are more likely to hold their value and can serve as a hedge against economic fluctuations.² Additionally, the emergence of software platforms makes it easier for individual investors to participate in the oil and gas markets. Mineral assets can also be accessed through pooled funds and limited partnerships, which enable investors to share in the revenues of oil and gas holdings without direct ownership of the underlying assets.

For many families, oil and gas interests play a prominent role in estate planning and the preservation of long-term, multi-generational wealth. Mineral rights ownership can be a stable source of revenue streams for trust beneficiaries. Typically, the owner of the leases owns the rights to underground minerals on specific parcels of land, which are then leased to a company that drills for and extracts the oil or gas for energy production and distribution. The owner or investor earns passive income in the form of royalties or shares of the revenue from the sale of oil and natural gas. During certain economic cycles, when oil and gas prices are rising, royalty payments can outpace returns on traditional fixed-income investments, sometimes by a significant margin.³

The challenge for trust administrators and private wealth advisors is to provide transparency into the client's oil and gas holdings, values, and ownership structures, while explaining performance and instilling investor confidence.



Mineral rights ownership can be a source of stable revenue streams for trust beneficiaries.

Understanding the Unique Challenges and Risks

While oil and gas assets can benefit investors over the long term and provide an income stream, they require a measure of patience and risk tolerance. Chief among the challenges is fluctuation in the oil and gas markets and prices. Royalty payments can swing widely depending on market conditions. As noted earlier, returns can be extremely favorable in times of rising oil and gas prices. Conversely, however, when prices are lower, so are revenues

and payments. It's crucial to comprehend these risks to ensure your clients' portfolios are sufficiently diversified to withstand setbacks beyond their control.

Navigating the landscape of lease agreements and well operations can also be complex. Geologic and environmental conditions can significantly impact production volume, posing operational risks that directly affect revenues and royalties. The lessee, too, may experience business, financial, or operational issues that affect production performance. It's important to be aware of these risks, ensure your clients understand them, and that their portfolios are sufficiently diversified to withstand setbacks beyond their control.

Structuring Trusts to Optimize Cash Flow and Tax Efficiency

Mineral rights can significantly enhance the overall value of a trust or estate. Integrating mineral rights into dynasty and irrevocable trusts requires careful planning. Accurate and supportable valuations of oil and gas assets are important for tax purposes and the fair allocation of ownership among trust beneficiaries. Factors that are considered in valuations:

- Current and future revenue analysis and projections
- Location and value of the land itself
- Patterns in market demand for oil and gas

Values and income projections also need to consider the impact on taxes. Royalty payments on oil and gas leases are taxed as ordinary income. Those taxes may be offset by a depletion allowance (comparable to depreciation of a fixed asset) for the natural reduction of the oil or gas that results from drilling or extraction.⁴

Regulatory and Compliance Considerations

Mineral extraction is subject to environmental regulations governing air and water quality, land use and waste disposal, as well as occupational safety rules. Mineral rights governance also varies among different jurisdictions. Each state has its own laws and regulations regarding mineral rights within its borders, particularly those with heavy oil-and-gas drilling and energy production activity, such as Texas, Oklahoma, Louisiana, California, Pennsylvania, and West Virginia. It is essential to understand the laws of the states in which the client's oil and gas rights are held.⁵

Best Practices: Leveraging Advanced Technology and Domain Expertise

Much of the complexity in managing, tracking, and reporting on oil and gas assets can be streamlined using digital solutions specifically designed for these asset types. These solutions include automated valuation and royalty projection models that utilize accepted methodologies to derive accurate and supportable numbers. Blockchain or distributed ledger technology (the underlying technology for affirming ownership of cryptocurrency) is being used for transparent and secure record-keeping and title verification.

Artificial intelligence applications are increasingly playing a role in the management of unique assets and their attendant risks. AI-powered predictive analytics can help generate insights and optimize oil and gas investment strategies, providing real-time risk assessments to manage commodity price fluctuations effectively.

Operating solutions like these in the cloud can significantly reduce a firm's in-house operational burden and software maintenance headaches. A cloud-based platform can serve as a centralized data management repository, providing secure document storage, automated compliance monitoring, and complete transparency for clients.

Taking advantage of today's innovative technology makes it more feasible and easier for firms to incorporate unique assets expertise into their practices and serve clients with highly specialized investments in oil and gas.

Practical Steps to Build a Specialized Asset Management Practice

Beyond technology, training and resources are available to help firms build their expertise in these areas. Take advantage of certification programs and establish partnerships with complementary industry experts to develop proficiency in specialized asset classes. Consider hiring specialists with proven experience managing energy and mineral portfolios to build a knowledgeable and trusted team. Let clients and prospects know you have these capabilities with tailored messaging and content.

It also pays to partner with a technology and service provider who can help not only with the right software but also with the expertise to make the best use of it, assisting with advanced reporting and analytics.

Firms that adopt specialty asset management can better serve high-net-worth clients and differentiate themselves in an increasingly competitive market. Leveraging the latest technology is critical to improving efficiency, transparency, and risk management across unique assets. By investing in expertise, partnerships, and digital innovation, trust and wealth management firms can create long-term value for their clients and position themselves for future growth.

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Unlock the Full Value of Your Clients' Mineral Interests

In today's complex wealth landscape, managing oil and gas interests demands more than spreadsheets and manual effort. As trust and wealth management firms expand into specialized assets, SS&C MineralWare offers a proven platform that simplifies the management of minerals, royalties, and non-operated working interests, empowering you to serve high-net-worth clients with confidence and clarity.

Why Choose SS&C MineralWare?

MineralWare is the platform of choice for today's mineral owners and asset managers, offering powerful features that simplify complexity and deliver results. MineralWare can:

Adapt to Your Needs

Whether you're onboarding inherited assets, scaling operations, or navigating compliance challenges, MineralWare flexes to support your unique situation.

Automate the Busywork

Royalty income and JIB statement processing are handled automatically, freeing your team to focus on strategy rather than spreadsheets.

Provide Real-time Visibility

Interactive maps with overlays of wells, rigs, permits, and production data give you a clear, up-to-date view of your assets at a glance.

Deliver Smarter Insights

Custom dashboards and reporting tools enable you to group assets, track trends, and analyze performance to make informed and confident decisions.

Prove its Value

With over 100,000 interests mapped, \$2.2B+ in revenue processed, and a 98% client retention rate, MineralWare is a trusted and proven partner.

For more information

Incorporating mineral rights management into your offering isn't just a value add; it's a strategic advantage. With SS&C MineralWare, you can offer transparency, insight, and efficiency that builds lasting client loyalty. To learn more, call 1-800- 727-0605 or visit sscm mineralware.com to request a personalized demo.

1. [Infrastructure in 2025: the outlook for fundraising, deals, and performance](#), Preqin, January 15, 2025.
2. Demers, Kevin, "[Why "Real Assets" Offer Real Value to Investors](#)," Morgan Stanley, Oct 11, 2023.
3. Moore, Ryan, "[How to profit and Make Money from Mineral Rights](#)," Pheasant Energy, April 1, 2025.
4. "[How to Report Oil and Gas Royalties on Tax Return: A Comprehensive Guide](#)," Fieldvest, February 16, 2025
5. [Mineral Rights Information Resource Guide](#), ©2025 Mineral Auction LLC.

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