

Robb Report Worth

WEALTH IN PERSPECTIVE



WEALTH ADVISORS

THE LEADING FINANCIAL EXPERTS' STRATEGIES FOR SUCCESS

ALTERNATIVE REALITIES

The Best Mix of Hedge Funds and
Private Equity for You

THE GOLDEN

How to Avoid

JOHN BIRD, MBA, CFA, CFP
Utah's Only Advisor To Make The List

BY SUZANNE MCGEE



With markets moving sideways, top wealth advisors counsel clients to ignore the headlines and stick to long-term, diversified portfolio strategies.

NAVIGATIONAL AIDS



IFE AS A FINANCIAL ADVISOR to the nation's most affluent families is rarely peaceful or straightforward. These days, duties range from hiring private detectives to check the background of hedge fund managers to designing complex structured products for managing portfolio risk.

There are also more traditional tasks, like trying to persuade a spooked client not to impulsively respond to headlines about soaring energy prices, the trade and budget deficits or a real estate bubble by liquidating his portfolio and socking away cash in the mattress. This part of the job, say many of our top advisors, is emerging as a real challenge in the midst of what many agree is one of the trickiest investment environments they can recall. After the stock market snapped back to life in 2003, many advisors and their clients hoped it would be back to business as usual, with stock market returns that were solid, if not spectacular. Unfortunately, "the usual" is nowhere to be seen.

DISCUSSION PARTICIPANTS:

Laurie Bagley, *Strategic Wealth Advisors, Scottsdale, Ariz.*

John Bird, *Albion Financial Group, Salt Lake City*

Alice Finn, *Ballentine Finn & Co., Waltham, Mass.*

Joel Framson, *Silver Oak Wealth Advisors, Los Angeles*

Neil Hokanson, *Hokanson Capital Management, Solana Beach, Calif.*

David Hollenbaugh, *Merrill Lynch Private Banking & Investment Group, New York*

Joanne Jensen, *Citigroup Private Bank, New York*

Stephen Kutz, *JPMorgan Private Bank, Seattle*

Jeffrey Loehnis, *Hamilton Capital Management, Columbus, Ohio*

Linda Lubitz, *The Lubitz Financial Group, Miami*

Steven Weinstein, *Altair Advisers, Chicago*

Howard Weiss, *Bank of America, Baltimore*

Christopher Zander, *U.S. Trust, New York*

Instead, both stocks and bonds—the two asset classes that once formed the core of their clients' portfolios—struggle to post even modest single-digit gains. The result: frustrated, irritable clients, along with advisors under pressure to find an investment solution that works. "People got a taste for double-digit returns from stocks back in the 1990s, and now they aren't anywhere to be found," says Laurie Bagley, principal at Strategic Wealth Advisors in Scottsdale, Ariz. "So there are a lot of questions: Is what they are doing enough? What else could they be doing? Where else could they be putting their money?"

Many find answers in alternative

FROM LEFT:
LAURIE BAGLEY, NEIL HOKANSON,
STEVEN WEINSTEIN
AND JOHN BIRD



asset classes, a catch-all category that includes hedge funds, real estate partnerships, timberland, managed futures, private equity and others. In some cases, the risks associated with these alternatives are growing, advisors fret, as more and more frustrated investors jump into these nontraditional investment vehicles.

When viable options appear sparse, advisors get creative. For example, John Bird, president of Albion Financial Group in Salt Lake City, helps his clients structure direct investments in Utah's flourishing community of biotech start-ups. Private equity investing in Asia is also popular, and other advisors are helping clients invest in oil and gas exploration and production partnerships.

There has been a lot of buzz about alternative asset classes in the last few years. How do your clients view the risks and opportunities of these alternatives?

So the key is to think carefully about how you implement the decision to increase exposure to China, India and other emerging Asian economic powers?

One of the biggest issues that you must help your clients address is how to plan for their children's futures. What are their concerns in this respect?

Above all, advisors agree that as economic growth becomes a global phenomenon, with growth rates in the U.S. taking a back seat to those of China and other emerging economies, overseas investing will become increasingly important as a source of return; it offers what some call the most promising odds of double-digit returns in the coming years. While that may mean venturing into the Wild, Wild East, for affluent investors fed up with lackluster returns and lateral market movements, it might be a gamble they are willing to take.

To gain greater insight into the current investment climate, *Worth* spoke to several of this year's top wealth advisors.

BIRD: I am worried that many of these products are being created by the investment community to fill an emotional need; some may have no investment merit. We have seen these things in the past: portfolio insurance, Internet funds and so on. Our job is to look behind the curtain and explain what is going on to our clients. Some of these investments might have merit, but there are others that deliver less than they promise once you factor in the cost structure and lack of liquidity.

BAGLEY: I hear fewer concerns from my clients than I do questions: Should I be investing in these? If my neighbors are doing this, and it sounds great, why aren't I involved in it? I find myself explaining that just jumping on the bandwagon and following the hot market is not always the right thing to do.

JENSEN: We look at structuring a basket of securities and then protecting the principal.

KUTZ: Right now, to the extent that we are playing the China opportunity, we are doing it through China's neighbors. We have recently made a tactical asset allocation toward Asia (excluding Japan).

BIRD: One of the safest ways to go about investing in this trend is by buying multinational companies, either U.S. companies or those that have ADRs trading in the United States—companies that are subject to our accounting standards. If I wanted to bet who was going to be able to find the best investment opportunities in Malaysia—me in Salt Lake City, a fund manager in Hong Kong or Johnson & Johnson, which will use local executives to find the right local business to buy and then hedge the currency risk—well, I'd bet on Johnson & Johnson.

BIRD: With the younger children, our clients have a concern about raising financially responsible citizens in a world where the pressures to consume keep growing.

HOKANSON: Their big concern is that their kids don't have an appreciation for what it took to create wealth and to manage it. In some cases, they may not even have an appreciation for philanthropic activities.

LOEHNIS: The fundamental question they ask is how to help their kids without hurting them. Yes, they are concerned about how they will transfer wealth tax-efficiently, but also how they will transfer it in a way that fosters financial maturity.



Wealth Advisors (cont.)

	FIRM CITY	PHONE	FIRM ASSETS	LARGEST CLIENT NET WORTH	MEDIAN CLIENT NET WORTH	MINIMUM ASSETS FOR NEW CLIENTS
North Carolina						
Benton S. Bragg, MBA, CFA, CFP, ChFC, CLU	Bragg Financial Advisors, Charlotte	704.377.0261	\$455 million	\$18 million	\$2.3 million	\$1 million
Larry Carroll, CFP, CMFC	Carroll Financial Associates, Charlotte	704.553.8006	\$1 billion	\$48 million	\$2 million	\$0.5 million
Ohio						
Michael J. Chasnoff, CFP	Truepoint Capital, Cincinnati	513.792.6648	\$421 million	\$95 million	\$6.5 million	\$1.5 million
Joseph Evelo	Merrill Lynch Private Banking & Invest., Cincinnati	513.579.3888	\$1.4 trillion	\$250 million	\$12 million	\$5 million
William Heichel, JD, CFP	Pinnacle Wealth Planning Services, Mansfield	419.526.2060	\$250 million	\$90 million	\$10.5 million	\$1.5 million
Jeffrey R. Loehnis, CPA, CFP	Hamilton Capital Management, Columbus	614.273.1000	\$550 million	\$70 million	\$12 million	\$0.75 million
Neil Waxman, CFP	Capital Advisors, Shaker Heights	216.295.7900	\$385 million	\$65 million	\$16 million	\$2 million
Oklahoma						
Joseph Bowie, CFP	Retirement Invest. Advisors, Oklahoma City	405.842.3443	\$271 million	\$75 million	\$2.45 million	\$0.75 million
Chuck Fuller, CIMA	Bridgewater Investment Mgmt., Tulsa	918.392.1990	\$105 million	\$250 million	\$25 million	\$0.5 million
Pennsylvania						
Edd H. Hyde, CFP, CIMA	Radnor Financial Advisors, Wayne	610.975.0284	\$518 million	NA	\$6 million	\$3 million
David Lees, CPA, CFA	myCIO Wealth Partners, Philadelphia	267.295.2281	\$4 billion	\$1.8 billion	\$29 million	\$2 million
Scott Levin, JD, MBA, CFP, ChFC	Pitcairn Financial Group, Jenkintown	215.881.6065	\$2 billion	\$300 million	\$10 million	\$5 million
Grant Rawdin, JD, CFP	Wescott Financial Advisory Group, Philadelphia	215.979.1600	\$925 million	\$205 million	\$25 million	\$2 million
Peter Rohr, CFP, CFM, CIMA	Merrill Lynch Private Banking & Invest., Philadelphia	215.587.4683	\$1.4 trillion	\$1 billion	\$18 million	\$10 million
Louis P. Stanasolovich, CFP	Legend Financial Advisors, Pittsburgh	888.236.5960	\$230 million	\$22 million	\$2.4 million	\$1 million
Rhode Island						
Malcolm A. Makin, CFP	Professional Planning Group, Westerly	401.596.2800	\$300 million	\$16 million	\$7.4 million	\$0.1 million
Tennessee						
Howard Safer, MBA, CPA	Regions Morgan Keegan Trust, Nashville	615.313.2174	\$84 billion	\$30 million	\$7 million	\$1 million
John Ueleke, MBA, CLU, ChFC, CFP	Legacy Wealth Management, Memphis	901.758.9006	\$350 million	\$50 million	\$5 million	\$1 million
Texas						
Frank Amsler, CFP, CFA, CIMA	Merrill Lynch Private Banking & Invest., Houston	713.658.1251	\$1.4 trillion	\$1 billion	\$70 million	\$10 million
Kalita Beck Blessing, CFP	Quest Capital Management, Dallas	214.691.6090	\$438 million	\$36 million	\$4.25 million	\$1 million
David Diesslin, MBA, CFP	Diesslin & Associates, Fort Worth	817.332.6122	\$383 million	\$38.5 million	\$4.4 million	No minimum
John Eadie, CPA, PFS, CFP, CIMA, CFA	Wealth Mgmt. Services Frost Nat'l. Bank, San Antonio	210.220.6187	\$17 billion	\$370 million	\$11 million	\$5 million
Alan Goldfarb, CFP, MBA	Weaver and Tidwell Financial Advisors, Dallas	972.960.1100	\$188 million	\$22 million	\$4.2 million	\$0.75 million
Richard Joyner, CPA, CFP, CIMA, PFS	Tolleson Wealth Management, Dallas	214.780.2512	\$1.3 billion	\$500 million	\$50 million	\$10 million
Deborah Stavis, CFP	Stavis, Margolis Advisory Services, Houston	713.552.9277	\$433 million	\$46 million	\$2.6 million	\$1 million
Brian J. Turrentine, CPA	JPMorgan Private Bank, Dallas	214.758.2009	\$304 billion	\$3.5 billion	\$150 million	No minimum
Utah						
John Bird, MBA, CFA, CFP	Albion Financial Group, Salt Lake City	801.487.3700	\$400 million	\$65 million	\$3 million	\$1 million
Virginia						
Patricia Houlihan, CFP	Houlihan Financial Resource Group, Reston	703.796.0800	\$75 million	\$17 million	\$7 million	\$1 million
Joseph Montgomery, CFP	Wachovia Securities, Williamsburg	757.220.1782	\$6.8 billion	\$1 billion	\$6.5 million	\$5 million
Washington						
Dean Braun	Smith Barney, Seattle	206.343.2922	\$1 billion	\$150 million	\$29 million	\$3 million
Stephen Kutz	JPMorgan Private Bank, Seattle	206.622.0136	\$304 billion	\$350 million	\$45 million	No minimum
Wisconsin						
Vernon C. Sumnicht, MBA, CFP	Sumnicht & Associates, Appleton	920.731.4455	\$330 million	\$100 million	\$42 million	\$10 million

CFA: Chartered Financial Analyst; CFM: Certified Financial Manager; CFP: Certified Financial Planner; ChFC: Chartered Financial Consultant; CIMA: Certified Investment Management Analyst; CLU: Chartered Life Underwriter; CPA: Certified Public Accountant; CTF: Certified Trust and Financial Advisor; JD: Doctor of Law; MBA: Master of Business Administration; PFS: Personal Financial Specialist; PhD: Doctor