FT 300

Top Registered Investment Advisers

Thursday June 26 2014

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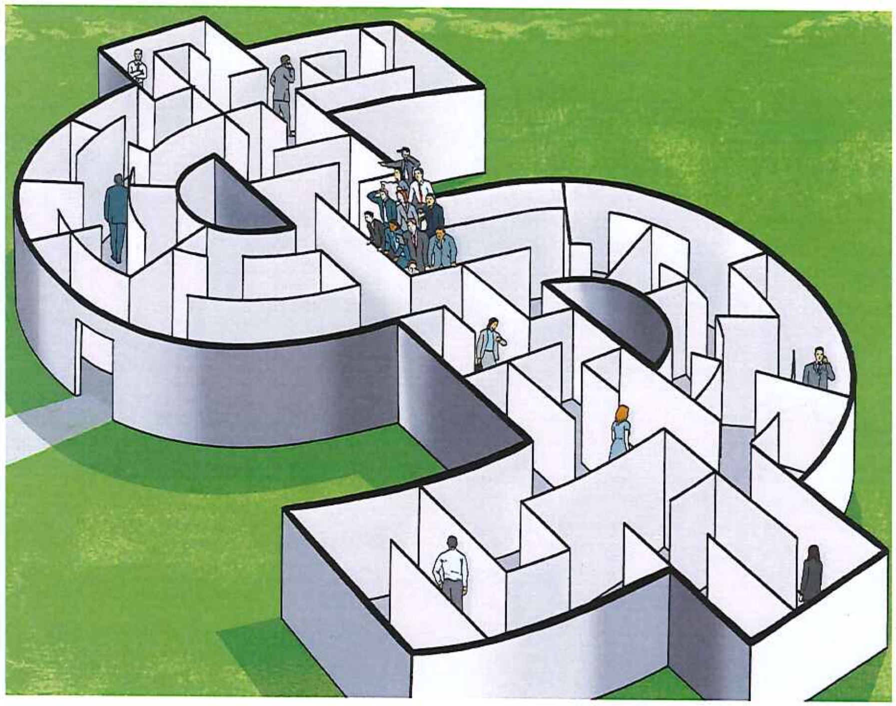
Bright lights in tough times

The inaugural edition of the FT 300 list begins by asking what makes a top-quality adviser **Pages 2-3**

What are the characteristics of an adviser in the Financial Times Top 300? *Loren Fox* explains



As baby boomers retire, the demand for top-quality advice accelerates

The extensive new health insurance law; Twitter's initial public offering; Congress's partial shutdown of the federal government; Ukraine. It has been a tumultuous time to be an investor, and that is just in the past 12 months.

No wonder, then, that more and more investors have been gravitating towards advice on how to manage their money, giving up on the do-it-yourself trend that peaked in the late 1990s.

This desire for advice, accelerated by the transition of millions of baby boomers into retirement, has helped propel the growth of the segment of the investment industry that is based on advice: the registered investment advisers, or RIAs.

It is true that many of the financial advisers working in big brokerages have evolved their practices to where they now spend much more time providing advice than carrying out "buy" and "sell" transactions.

RIAs, though, have never made their living on transactions and have always been advisers first. While RIAs have been around since the 1940s, it has been in the past 10-15 years that they have grown, as a group, to rival the large brokerage firms in influence.

Part of that growth can be traced to the investing complications – such as the 1990s dotcom bubble and the 2008 global financial crisis – that drove individual investors to seek trusted advice.

This partly stems from advances in technology that now allow an RIA practice with four advisers to offer the same tax accounting, financial reporting and other services provided by a group such as Merrill Lynch and its 15,000 financial advisers. This allows for a range of business types, and there are many RIA business models that can succeed, as the profiles of FT 300 firms in this report make clear: whether it is focusing on older investors, the millionaire next door or other clients.

One thing is clear: the RIA sector has matured. The latest indication: Broadridge Financial Solutions reports that for the first time, RIAs sell more in combined mutual fund and exchange traded fund (ETF) assets than the Big Four brokerages, known as the "wirehouses".

That is why the Financial Times is publishing this inaugural edition of the FT 300 Top Registered Investment Advisers, providing a snapshot of the best advisers to be found across the US.

The team at the Financial Times's sister publication, Ignites Distribution Research, set a minimum standard for RIA firms of $300m in assets under management (AUM), and then invited more than 2,000 qualified firms to apply for consideration.

The panel used a combination of the firms' self-reported data, regulatory disclosures and its own research to score the candidates on attributes including AUM, AUM growth rate and compliance. The methodology is explained in an article published with the list of 300 *(see page 12)*.

Size is a key indicator of quality, in that bad firms rarely continue to attract and retain clients. But size alone did not determine which firms made our list. Some RIA groups were disqualified for having too many compliance problems. Advisers were also judged on how many years they had been in existence because long-established organisations more often offer the reliability and predictability that investors prize.

RIA practices were awarded bonus points for having adviser employees with any of the top industry certifications, including the CFA, CFP, CAIA and more. Advisers whose information is easily accessible online were also awarded small bonuses because such transparency should be the norm in 2014.

In addition, the list is presented as a grouping of 300. There is no attempt to rank the advisers from 1 to 300, because no method is precise enough to separate the 200th-best adviser from, say, the 201st. Dozens of high-quality advisers just missed the list this year, edged out by peers with slightly better profiles – sometimes the difference was a few more years of experience or a slightly more impressive growth rate.

In a field of outstanding financial professionals, the FT 300 should be considered a list of truly exceptional adviser firms. It is organised state by state and the states with higher populations, and higher concentrations of wealth, understandably feature more advisers.

We wound up with advisers from 38 states plus Washington, DC, a decent amount of geographic diversity, given that there was no mandate to include every state. It is not surprising that New York City, a locus of wealth, has the single biggest concentration of FT 300 member firms, represented by 27 RIAs – more than double any other municipality. However, geography matters less these days, as more than a quarter of the FT 300 firms have offices in multiple locations (and often across multiple states).

So, after running the numbers, what does our list of 300 look like? The FT 300 is an elite group of RIA firms. The "average" firm on the list has been in existence for 24 years and manages $2.8bn. Similarly, the average FT 300 practice saw its assets under management rise 23 per cent in 2013. One out of five practices has been advising clients for more than 30 years.

In keeping with the present trend towards specialisation in wealth management, about 89 per cent of the FT 300 work in teams. Of those, the median team has six professionals who provide investment advisory services. Nearly two-thirds of the assets managed are in "discretionary" accounts, meaning the advisers have full control of how the assets are managed.

While the FT 300 leans towards large, it is diverse. Some practices provide high-end family office services, some cater to entrepreneurs or corporate executives, some offer tax preparation and some focus especially on baby boomers and retirees.

We aimed to provide a picture of leading financial advisers that would be good enough for the educated and discerning readers of the Financial Times. It is not a comprehensive list.

Yet for anyone seeking what a top RIA firm looks like, the FT 300 is as good a model as one can find.

The average FT 300 practice saw its assets under management rise 23 per cent in 2013

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Active management and liability-driven investing

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Technological revolution powers growth of independent operators

Analysis

Loren Fox and *Doug Dannemiller* plot the rise of RIAs

The popular notion of stockbrokers chasing clients for commissions on big trades, so well dramatised in films such as *Wall Street*, is gradually becoming as outdated as the suspenders that Michael Douglas wore in the 1987 movie.

"Advice" is the dominant theme in the investment management industry, so even the big brokerages changed their employees' titles from "brokers" to "financial advisers" some years ago.

At the heart of this shift has been the growth of the independent registered investment adviser (RIA).

Many investors do not know there is a difference between RIAs, who are regulated by the Securities and Exchange Commission, and broker-dealers, who are regulated by the non-governmental Financial Industry Regulatory Authority.

One of the key distinctions is that broker-dealers are free to provide advice along with the trades that are central to their business, whereas RIAs by definition make their living selling advice. Among the RIA firms in the FT 300, commissions make up, on average, less than 3 per cent of revenue.

That difference dates back to the Investment Advisers Act of 1940, which essentially created the profession of the investment adviser. The act codified in the definition of RIA the "fiduciary standard", the requirement to put the client's interests first (versus broker-dealers, which must ensure that any recommendations are "suitable" for the investor).

Industry participants still debate whether the broker-dealer business model is preferable to the RIA model, as a significant portion of the industry believes the fiduciary model should become the only standard, but some investors do not want to be forced to pay for advice.

Imposing a universal fiduciary standard on all "advisers" has been debated in Congress since the 2010 passage of the Dodd-Frank Act, but no resolution is in sight.

The fact that a universal fiduciary standard is even being debated is testament to the rise of RIAs over the past 10-15 years.

It was a cottage industry even into the 1980s. The spread of desktop computers revolutionised the business by allowing the investment adviser to offer more services, such as combining financial planning with management of the investments.

More recently, technological enhancements have given RIAs tools that range from investment analysis databases and financial planning calculators, to alternative investment portals, market analysis and foreign market access.

Today's small advisers can serve the needs of their most sophisticated wealthy customers while operating independently. Tools to facilitate efficient practice and client management have led to a marketplace of competitive financial technology firms working to gain share in the now-large RIA marketplace.

Those tools only used to be available at firms that had sufficient scale to develop them themselves. Now, financial advisers of all sizes have most of, if not all, the same capabilities to serve their clients.

That, in turn, has allowed experienced financial advisers to leave large brokerage firms to form or join smaller RIA practices. The independent RIAs (as opposed to some RIA firms that are owned by big brokerages) tend to be smaller, and, therefore, sometimes quirkier than their big Wall Street brethren.

That can appeal to more idiosyncratic personalities and those who are passionate about investing or other specialities. So, RIAs were early adopters of exchange traded funds (ETFs) relative to brokerage advisers.

As the bull market of the 1990s created more wealth, RIAs were able to accelerate their growth by adding estate planning, tax management, philanthropy and other wealth-management services – also charged on a basis of fees for advice.

Wall Street found two reasons to embrace the RIA model of charging fees for advice. First, becoming known for advice seemed a good way to rebuild the trust that was eroded by the dotcom crash of the early 2000s (and then the financial crisis of 2008-09). Second, being paid an annual fee for advice is a more dependable – and in the long run, more lucrative – business model than being paid commissions for executing trades. That was especially true as the emergence of online brokers drove down commission rates.

So the big brokerages encouraged their top representatives to also register as RIAs, and now fee-based advice is a major portion of all brokerages while the commission-based business shrinks. At the end of 2012, there were about 18,500 "hybrid" advisers working at brokerages, compared with 27,800 individuals working at independent RIA firms, according to industry researcher Cerulli Associates.

Old image: Michael Douglas in 'Wall Street'

The RIA industry is now sizeable. One sign is that in the first quarter of 2014, the RIA segment surpassed the Big Four "wirehouse" brokerages – Merrill Lynch, Morgan Stanley, Wells Fargo, and UBS – in mutual fund and ETF assets, $1.7tn to $1.6tn, according to Broadridge Financial Solutions.

At Ignites Distribution Research, a sister company of the Financial Times, we expect the RIA population to continue growing faster than the overall investment management industry.

The growth of RIAs encouraged the spread of the fees-for-advice model, which is now helping fuel the growth of RIAs. Indeed, the large RIA firms are getting larger. More than 70 per cent of the members of the FT 300 group of RIAs manage more than $1bn. Some multi-office RIA practices are starting to resemble small brokerage firms.

The pendulum may continue moving towards the RIA model, reducing the ability to find investment management services paid by commission.

For now, investors can enjoy the best of both worlds: large, competitive markets populated by firms that follow either the fee-based, fiduciary model or commission-based arrangements.

Just as RIAs disrupted what had been a brokerage-dominated industry, a newer model may be lurking at the periphery that will in turn disrupt the RIA industry.

Contributors »

Loren Fox
Director of research, Money-Media

Douglas J Dannemiller
Senior research analyst, Money-Media

Morgan M Davis
Reporter, FundFire

Laura Suter
Associate managing editor, FundFire Alts

Michael Shagrin
Reporter, Money-Media

Tom Stabile
Senior enterprise reporter FundFire Alts

Peter Oritz
Mariana Lemann
Clare Trapasso
Emile Hallez
Reporters, Ignites

Ian Moss
Aban Contractor
Commissioning editors
Andy Mears
Picture editor

Steven Bird
Designer
Daniel Mitchell
Illustrator

For advertising, contact:
Dennis Asselta,
(001) 917-551-5157,
dennis.asselta@ft.com.
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SEC needs extra muscle to succeed

Regulation The industry wants to keep the status quo rather than have a new body, says *Peter Oritz*

Many of the 11,000-plus registered investment advisers would prefer an increasingly overwhelmed Securities and Exchange Commission to a new regulator with a lot of unknowns. But the status quo is not without risks either.

A new regulatory regime that could ease the SEC's oversight of RIAs would impose added compliance burdens and costs, which has raised industry doubts that it would work. The trade-off of sticking with the familiar – an SEC that has pleaded for more resources – is the increased potential of reputational damage for both the regulator and industry from another Bernard Madoff-type scandal.

"The industry has a real interest in keeping the playing field level and keeping it clean, so I think advisers would want an effective regulatory regime," says Robert Helm, partner at Dechert. "But the caveat is the industry needs to know what regulators expect of it."

Proposals from within the SEC and from the industry remain stalled and are unlikely to be implemented, especially with bickering political parties focused on elections, industry sources say.

Congress rejected a plea by Mary Jo White, SEC chairwoman, for more funding to bolster her agency's oversight by hiring 250 exam staff devoted to advisers. Legislative action that would be needed to designate an additional regulator or impose a user-fee on RIAs for SEC examinations is also unlikely to happen.

In her budget request to Congress in April, Ms White noted there were 25,000 SEC registrants including broker-dealers, investment advisers, clearing agents, transfer agents, credit rating agencies and exchanges. Investment advisers watched their assets under management treble to $55tn from 2001 to 2014.

"In 2004, the SEC had 19 examiners per trillion dollars in investment adviser assets under management," Ms White said in her April Congressional testimony noting that her agency examined only 9 per cent of registered investment advisers in fiscal year 2013. "Today, we only have eight."

Last year, the SEC took enforcement action against 140 investment advisers. They also examined 1,615 cases, including 438 broker-dealers, 964 investment advisers and 99 investment companies.

This year, an SEC "never-before examined" advisers initiative seeks to "engage with the roughly 20 per cent of investment advisers that have been registered for three years or more, but have never been examined", Ms White said in her testimony.

The Dodd-Frank act also added to the SEC's workload by requiring private fund advisers, including private equity and hedge funds, to register with the regulator for the first time. This has boosted the number of SEC-registered private fund advisers by more than 50 per cent to 4,153.

In May, Daniel Gallagher, SEC commissioner, called for the Financial Industry Regulatory Authority, a self-regulatory organisation that oversees brokers and dealers, to do the same for RIAs.

Finra's chief executive Richard Ketchum had expressed interest in that responsibility, but it is expected to go nowhere, industry sources say. What is certain now is the SEC maintaining its decades-long oversight of RIAs. But even as many in the industry favour this, they share the SEC's concerns about its lack of muscle to oversee thousands of RIAs properly.

The SEC examines fewer than 10 per cent of RIAs every year and about 40 per cent of advisers have not been examined at all, says David Tittsworth, president and chief executive of the Investment Advisers Association. "Those are the numbers that cause people such as [SEC commissioner] Daniel Gallagher and ourselves to think about how do we begin to address these problems." The IAA opposes Mr Gallagher's call to outsource oversight to another regulator, but is in favour of granting the SEC authority to impose a user-fee on RIAs to support more examinations or increase funding for the SEC to hire additional staff – both of which require Congressional action.

While the SEC bore much of the blame in the Madoff scandal, Finra also failed to uncover fraud despite multiple visits to Madoff's firm, Mr Tittsworth says.

Outsourcing examination responsibility to Finra "is not going to solve the problem of trying to avoid another Madoff", he adds.

In making his case for Finra to oversee advisers, Mr Gallagher noted in a speech in May that the SEC does not do itself any favours because it "allocates a disproportionate amount of resources to policing the activities of broker-dealers compared with those we expend on policing investment advisers". The number of SEC-registered investment advisers is about 11,100 compared with 4,300 for broker-dealers, he says.

But Mr Tittsworth says the RIA industry would rather see the SEC reallocate the resources it now spends on broker-dealers to increasing examination of advisers. This especially makes sense since Finra already is charged with overseeing broker-dealers. This would not require legislation or rule-making by the agency, he says.

Another way for the SEC to bypass Congressional gridlock is to amend its compliance rules to authorise third-party compliance firms to review advisers. But this could have worse consequence than assigning oversight responsibility to an established SRO, such as Finra, says Mark Perlow, partner at K&L Gates.

Andy Meyers, chief operating officer and chief compliance officer at Boston-based Breckinridge Capital Advisors, says creating a self-regulatory organisation for RIA firms is complex, given the diversity among different shops. His firm manages $19.5bn in fixed income products. "Even if you could develop an SRO, it would take several years to get it up-to-speed and knowledgeable," Mr Meyers says.

David Madigan, chief investment officer at the firm, adds: "If the SEC were properly funded and staffed, most of the issues that come up would not, because most violations are of existing rules. We don't need new rules, just to enforce the ones we have."

Under pressure: Mary Jo White, Securities and Exchange Commission chairwoman, faces a battle for funding and staff Bloomberg

Women advisers Vision Capital thrives on consistency and discipline

One registered investment advisory group thinks the secret to its success may be in its DNA.

Vision Capital Management, founded in 1999 by a mother-daughter team, had a banner 2013 with assets under management rising about 35 per cent to more than $1bn.

The company, based in Portland, Oregon, had $673m in AUM the previous year.

President Suzanne McGrath, and her daughter Marina Johnson, the chief investment officer, attribute their firm's good fortune to the growth of high-net-worth clients and expanding into the institutional market.

"What you don't want to see in an investment manager is someone who is just jumping on the latest hot deal without going through our detailed [stock] screening process," says Ms McGrath, a certified accountant. "Vision Capital's process is consistent and disciplined."

The women-led firm, has 10 employees and is owned by six of them, Ms McGrath says. It works with about 250 families and small foundations to invest about $360m in assets.

Advisers check in quarterly with clients and also set up meetings with customers' accountants, attorneys and insurance agents to devise comprehensive portfolio plans.

The other $690m is invested on the institutional side, primarily in the Vision Large Cap Growth Portfolio. Its largest client is the Illinois Municipal Retirement about $156m for the fund as of April 30, according to fund officials.

The firm classifies securities as "marathon runners" (companies that have stood the test of time) and "sprinters" (those that are growing fast). The firm may also include "hurdlers" (businesses that may have stumbled but are expected to get back on track), she says.

Ms Johnson says female advisers tend to bring more patience and long-term thinking to the investment process. Being a women-led firm has helped also Vision stand out from the pack and attract new business.

More and more women are now responsible for investing their family's money and are seeking out female advisers, she says.

There is also demand for women- and minority-owned investment firms on the institutional side.

The mother-daughter duo decided to strike out on their own after Piper Jaffray, the investment bank where they worked, was bought by US Bancorp in 1997.

Ms McGrath was the managing director and Ms Johnson had been an investment adviser.

"I feel extremely blessed that my daughter was interested in the business," Ms McGrath says.

Clare Trapasso

M&A deals aim to add strength while maintaining an independent feel

Consolidation Advisers can tap into operational and strategic resources, writes *Mariana Lemann*

Aggregate demand: the headquarters of Focus Financial Partners in New York and (inset) its co-founder, Rajini Kodialam Alamy

The registered investment adviser universe has become tighter and stronger, resembling some aspects of brokerage firms and wirehouses.

Along with independent broker-dealers, registered investment advisers have led the growth in the US market during the first quarter, according to Broadridge, a provider of technology to financial services groups. RIA assets under management grew 4.2 per cent in the first quarter, over the last quarter of 2013, to $1.7tn.

The increase in assets managed by RIA companies does not necessarily correlate with an increase in the number of such groups, as the rise of "aggregators" is driving consolidation in the marketplace, resulting in fewer firms with more advisers and assets under management.

Succession planning, the pursuit of independence, growth and scale and the emergence of new technology have been drawing RIAs to aggregator firms such as Beacon Pointe Wealth Advisors, Focus Financial Partners and United Capital Advisors.

These platforms lift some weight off RIAs owners' shoulders, providing services such as research, compliance and recruiting.

"What is happening right now is a lot of the RIAs that were in the industry are coming out," says Pierre Caramazza, head of the RIA business at Franklin Templeton.

"They are basically being bought by their partners, competitors . . . It's certainly been a big influence in the industry." The trend towards consolidation isn't slowing down, Mr Caramazza adds. "There [are] still too many folks that need to . . . find a way to monetise their transactions."

Focus Financial Partners, based in New York, is capitalising on the demand for support in the RIA market by creating a growing network of such firms through acquisitions. Founded in 2006, the firm has amassed $75bn in assets under management and generated approximately $300m in annual revenue with approximately 1,200 employees, of which about 50 per cent are client-facing.

The firm was launched with sights on "savvy entrepreneurs who built phenomenal business and practices but at the same time . . . didn't know how to accelerate growth or have access to capital to get past their own glass ceilings", says Rajini Kodialam, co-founder and managing director at Focus Financial.

"We wanted to give them access to things that are usually available with much larger entities," she says. That usually means marketing, operational efficiencies, recruiting and career path development.

Focus has done approximately 30 core deals, where it directly invests a combination of cash and equity in the firm.

Other deals can cascade as a result, she says. "Our partner firms have . . . with our help been able to do mergers and acquisitions where they have acquired smaller RIAs." Boston-based The Colony Group, which was acquired in 2011, doubled its size following a merger with Mintz Levin Advisors, a wealth management firm. At the end of 2013, Colony had approximately $3.4bn in assets under management, up from $2.6bn at the end of 2012, a 30.2 per cent jump.

Focus has had at least 30 other deals of this nature, where acquired firms acquire smaller RIAs or merge.

"There have always been other mergers opportunities for RIAs with banks or other providers, where the core is to give up your name or control or change your investment management style," Ms Kodialam explains. What differentiates Focus's model is the ability to retain the essence of RIA firms, she says. The idea is "never turn a successful entrepreneur into an employee. We don't buy firms and tell them you have to change everything."

In order to perpetuate the model, Focus tapped former Merrill Lynch executive Christopher Dupuy as co-president of a unit that recruits top advisers from the wirehouses, an effort the firm launched last year.

The firm has invested resources and personnel to lure advisers from Merrill Lynch, Morgan Stanley Wealth Management and UBS Wealth Management Americas.

The model has variations, according to each aggregator, but it is thriving with different flavours because of the growing demand for fee-based advice, besides the pursuit of independence among financial advisers, says Cathy Saunders, head of RIA at Putnam Investments.

"I don't see this channel becoming like anything we've seen in the business. This is a separate channel that is evolving into its own entity, as all other channels did when they started," she says.

In order to provide adequate coverage to the transforming RIA space, Putnam has developed a dedicated RIA team over the past five years. The team comprises five external wholesalers, five internal wholesalers and three relationship managers.

"We always put the client at the centre of the table and we build our contact model around that," Ms Saunders says.

She adds: "The sales cycle can be as long as five years . . . We are working with a number of advisers who we've been talking to that long and . . . it was worth putting in the time to get to where we are today . . . RIAs are very rigorous on their due diligence on any strategy."

Franklin Templeton has also stepped up its coverage in recent years to meet the demands of the fragmented and evolving RIA space.

Mr Caramazza says: "If you look at the way the Franklin RIA business is being built and the way it speaks with RIAs, it is very similar to the way platform gatekeepers call on the research departments."

Mother's advice bears fruit

Ken Moraif was 16 years old when his mother took him to a financial planning session, an experience that he says started him on a path to become a financial adviser.

Today, his independent firm based in Plano, Texas, manages about $2.2bn on behalf of 4,200 clients, most of whom are affluent retirees or people nearing retirement age.

"I got into this business primarily because my mother trained me to be an investor," Mr Moraif says. "If you could imagine a 16-year-old boy at a bond-trading seminar, that was me."

His mother inherited the modern equivalent of $250,000 in 1940 and quickly learned to manage money, living mostly off investment returns, he says. By the time he was born, she was an accomplished investor.

"Back then, women rarely managed investments," he says.

Mr Moraif began working as an adviser at New York Life in 1988. In 2011, his practice, Money Matters with Ken Moraif, went independent and began operating on a fee-based compensation model. Being independent gives a lot of flexibility, he says. "Being under a broker-dealer inhibits that, because they have their own corporate culture."

The firm has since expanded rapidly. Money Matters opened its second office in 2012 in Houston, followed by an office in Oklahoma City in 2013.

The Houston office has a goal of hitting $300m in assets under management by the end of the year, Mr Moraif says.

In the first six months of 2014, Money Matters has also added offices in Phoenix, Los Angeles and Austin.

The expansion has been possible because of strong demand for wealth preservation advice among retirees.

The firm has a "buy, hold and sell" philosophy that is a draw to people over 50, many of whom have concerns about their assets during bear markets, he says.

In 2008, he advised clients to sell, he says.

"We were in cash for all of 2008," he says.

"I have a hard time advising clients to stay in, when the market is dropping like a stone.

"That's one of the biggest reasons we've grown so rapidly."

Emile Hallez

The leading firms in the FT 300

The top registered independent advisers in the US, listed state by state, with the methodology on Page 12

FT 300

The FT 300 top registered investment advisers in the US listed alphabetically by state

Firm name	City	Client segments served: Retail (individuals with <$1m)	HNW (individuals with $1m – $10m)	Ultra HNW (individuals with $10m +)	Institutional
Alaska					
Alaska Permanent Capital Management	Anchorage		✓		✓
Arizona					
Miller Russell Associates	Phoenix	✓	✓	✓	✓
TCI Wealth Advisors, Inc.	Tucson	✓	✓	✓	✓
TFO Phoenix	Phoenix	✓	✓	✓	✓
United Planners Financial Services of America	Scottsdale	✓	✓	✓	✓
California					
AMI Asset Management Corporation	Los Angeles		✓	✓	✓
Aspiriant	Los Angeles		✓	✓	✓
Atherton Lane Advisers LLC	Menlo Park	✓	✓	✓	✓
Baker Street Advisors, LLC	San Francisco		✓	✓	✓
Beacon Pointe Advisors	Newport Beach	✓	✓	✓	✓
Brouwer & Janachowski LLC	Tiburon	✓	✓	✓	✓
California Financial Advisors	San Ramon	✓	✓		
Cardiff Park Advisors	Carlsbad	✓	✓	✓	✓
Churchill Management Group	Los Angeles	✓	✓	✓	✓
Clifford Swan Investment Counsel	Pasadena	✓	✓	✓	✓
Destination Wealth Management	Walnut Creek	✓	✓	✓	✓
Dowling & Yahnke, LLC	San Diego	✓	✓	✓	✓
First Republic Investment Management, Inc.	San Francisco	✓	✓	✓	✓
Gemmer Asset Management LLC	Walnut Creek	✓	✓	✓	✓
Genovese Burford & Brothers	Sacramento	✓	✓	✓	✓
Golub Group, LLC	San Mateo	✓	✓	✓	✓
Halbert Hargrove	Long Beach	✓	✓	✓	✓
Hanson McClain Advisors	Sacramento	✓	✓		✓

FT 300 Top Registered Investment Advisers

Firm name	City	Client segments served: Retail (individuals with <$1m)	HNW (individuals with $1m – $10m)	Ultra HNW (individuals with $10m +)	Institutional
Kayne Anderson Rudnick Investment Management	Los Angeles	✓	✓	✓	✓
KCM Investment Advisors LLC	San Rafael	✓	✓	✓	✓
Litman Gregory Asset Management	Larkspur	✓	✓	✓	✓
Loring Ward	San Jose	✓	✓	✓	✓
LourdMurray	Beverly Hills	✓	✓	✓	✓
Mission Wealth Management, LLC	Santa Barbara	✓	✓	✓	✓
Morton Capital Management	Calabasas	✓	✓	✓	✓
Osborne Partners Capital Management, LLC	San Francisco		✓	✓	✓
Pence Wealth Management	Newport Beach	✓	✓	✓	
Pillar Pacific Capital Management, LLC	Daly City	✓	✓	✓	✓
PlanMember Securities Corporation	Carpinteria	✓			✓
Pure Financial Advisors, Inc.	San Diego	✓	✓	✓	
Quantum Capital Management	San Francisco	✓	✓	✓	✓
Rand & Associates	San Francisco	✓	✓	✓	✓
Sand Hill Global Advisors	Palo Alto	✓	✓	✓	✓
Saratoga Research & Investment Management	Saratoga	✓	✓	✓	✓
Scharf Investments LLC	Scotts Valley	✓	✓	✓	✓
Signature Estate & Investment Advisors (SEIA)	Los Angeles	✓	✓	✓	✓
The Advisory Group of San Francisco, LLC	San Francisco	✓	✓	✓	✓
The Presidio Group	San Francisco			✓	✓
The Sierra Group	Santa Monica	✓	✓	✓	✓
Thomas Wirig Doll	Walnut Creek	✓	✓	✓	✓
United Capital Financial Advisers, LLC	Newport Beach	✓	✓	✓	✓
Vista Wealth Management, LLC	Palo Alto	✓	✓	✓	
Washington Wealth Management	San Diego	✓	✓		✓
WESCAP Group	Burbank	✓	✓	✓	✓
Westmount Asset Management, LLC	Los Angeles	✓	✓	✓	✓
Wetherby Asset Management	San Francisco	✓	✓	✓	✓
Willow Creek Wealth Management Inc.	Sebastopol	✓	✓	✓	✓
Colorado					
BRC Investment Management LLC	Greenwood Village	✓	✓		✓
BSW Wealth Partners	Boulder	✓	✓	✓	
Capital Investment Counsel	Denver	✓	✓	✓	✓
Crestone Capital Advisors LLC	Boulder		✓	✓	
Sargent Bickham Lagudis, LLC	Boulder	✓	✓	✓	✓
Connecticut					
Beirne Wealth Consulting Services, LLC	Milford	✓	✓	✓	✓
Bradley, Foster & Sargent, Inc.	Hartford	✓	✓	✓	✓
Essex Financial Services	Essex	✓	✓	✓	✓
Fieldpoint Private	Greenwich		✓	✓	✓
Greenwich Wealth Management	Greenwich	✓	✓	✓	✓
NorthCoast Asset Management	Greenwich	✓	✓	✓	✓
Resnick Investment Advisors, LLC	Westport	✓	✓	✓	✓
Delaware					
Capital Markets IQ	Wilmington	✓	✓	✓	✓
District of Columbia					
Avenir Corporation	Washington	✓	✓	✓	✓
Farr, Miller & Washington, LLC	Washington		✓	✓	✓
Marshfield Associates	Washington	✓	✓	✓	✓
Florida					
Banyan Partners LLC	Palm Beach Gardens	✓	✓	✓	✓
Bott-Anderson Partners, Inc.	Jacksonville		✓	✓	✓
Cumberland Advisors	Sarasota	✓	✓	✓	✓
Evensky & Katz LLC	Coral Gables	✓	✓	✓	✓
Foldes Financial Management	Miami	✓	✓		✓
GenSpring Family Offices	Jupiter		✓	✓	✓
Global Financial Private Capital, LLC	Sarasota	✓	✓		✓
Investacorp Advisory Services, Inc.	Miami	✓	✓	✓	✓
Investor Solutions, Inc.	Coconut Grove	✓	✓		✓
Palisades Hudson Asset Management, L.P.	Fort Lauderdale	✓	✓	✓	
ProVise Management Group, LLC	Clearwater	✓	✓	✓	✓
Singer Xenos Wealth Management	Coral Gables	✓	✓	✓	✓
Wasmer, Schroeder & Company	Naples	✓	✓	✓	✓
WaterOak Advisors	Winter Park	✓	✓	✓	✓
WE Family Offices	Miami			✓	
Georgia					
Arcus Capital Partners LLC	Atlanta	✓	✓	✓	✓
Asset Preservation Advisors	Atlanta			✓	✓
Balentine	Atlanta	✓	✓	✓	✓
Brightworth	Atlanta	✓	✓	✓	✓
CornerCap Investment Counsel	Atlanta	✓	✓	✓	✓
Crawford Investment Counsel, Inc.	Atlanta	✓	✓	✓	✓
GV Financial Advisors	Atlanta		✓	✓	✓
Hensssler Financial	Kennesaw	✓	✓	✓	✓
Homrich Berg	Atlanta	✓	✓	✓	
SignatureFD, LLC	Atlanta	✓	✓	✓	✓
Hawaii					
CKW Financial Group	Honolulu	✓	✓	✓	✓
Idaho					
Yellowstone Partners	Idaho Falls	✓	✓	✓	✓
Illinois					
Altair Advisers, LLC	Chicago		✓	✓	✓
Balasa Dinverno Foltz LLC	Itasca	✓	✓	✓	✓
Brookstone Capital Management, LLC	Wheaton	✓	✓		✓
Cedar Hill Associates, LLC	Chicago	✓	✓	✓	✓
Chesley, Taft & Associates, LLC	Chicago		✓	✓	✓
Chicago Partners Wealth Advisors	Chicago	✓	✓	✓	✓
Cozad Asset Management, Inc.	Champaign	✓	✓	✓	✓
Embree Financial Group	Chicago	✓	✓	✓	✓
Geneva Advisors	Chicago	✓	✓	✓	✓
Great Lakes Advisors	Chicago	✓	✓	✓	✓
HighPoint Planning Partners	Downers Grove	✓	✓	✓	✓
HighTower's The Lerner Group	Deerfield	✓	✓	✓	✓
IPI Wealth Management, Inc.	Decatur	✓	✓	✓	✓
JMG Financial Group, Ltd.	Oak Brook	✓	✓	✓	✓
Kovitz Investment Group, LLC	Chicago	✓	✓	✓	✓
Leonetti & Associates, LLC	Buffalo Grove	✓	✓	✓	✓
Mid-Continent Capital, LLC	Chicago		✓	✓	✓
Pekin Singer Strauss Asset Management	Chicago	✓	✓	✓	✓
Relative Value Partners LLC	Northbrook	✓	✓	✓	✓
RMB Capital	Chicago	✓	✓	✓	✓
Savant Capital Management	Rockford	✓	✓	✓	✓
Strategic Wealth Partners LLC	Deerfield	✓	✓	✓	✓
Whitnell & Co.	Oak Brook	✓	✓	✓	
Indiana					
Bedel Financial Consulting, Inc.	Indianapolis	✓	✓		✓
Column Capital	Indianapolis	✓	✓	✓	
Donaldson Capital Management, LLC	Evansville	✓	✓	✓	✓
Oxford Financial Group, Ltd.	Indianapolis	✓	✓	✓	✓
Phillips Financial Management, LLC	Fort Wayne	✓	✓	✓	✓
Valeo Financial Advisors, LLC	Indianapolis	✓	✓	✓	✓
Iowa					
Honkamp Krueger Financial Services, Inc.	Dubuque	✓	✓	✓	✓
Steele Capital Management, Inc.	Dubuque	✓	✓	✓	✓
Kansas					
Creative Planning, Inc.	Leawood	✓	✓	✓	✓
Vantage Investment Partners, LLC	Merriam	✓	✓	✓	✓
Kentucky					
ARGI Investment Services	Louisville				

FT 300 Top Registered Investment Advisers

Firm name	City	Client segments served: Retail (individuals with <$1m)	HNW (individuals with $1m – $10m)	Ultra HNW (individuals with $10m +)	Institutional
MCF Advisors	Covington	✓	✓	✓	✓
Louisiana					
Resource Management, LLC	Metairie	✓	✓	✓	✓
St. Denis J. Villere & Co. LLC	New Orleans	✓	✓	✓	✓
Maryland					
Baltimore Washington Financial Advisors	Columbia	✓	✓	✓	✓
Chevy Chase Trust	Bethesda	✓	✓	✓	
Convergent Wealth Advisors	Potomac		✓	✓	✓
FBB Capital Partners	Bethesda	✓	✓	✓	
Heritage Investors Management Corp.	Bethesda	✓	✓	✓	✓
Highline Wealth Management, LLC	Rockville		✓	✓	✓
HighTower Bethesda	Bethesda	✓	✓	✓	✓
HighTower's Kelly Wealth Management	Hunt Valley	✓	✓	✓	✓
Maryland Capital Management	Baltimore	✓	✓	✓	✓
Pinnacle Advisory Group, Inc.	Columbia	✓	✓	✓	✓
Retirement Management Systems	Annapolis	✓	✓		
WMS Partners, LLC	Towson	✓	✓	✓	
Massachusetts					
Adviser Investments	Newton	✓	✓	✓	✓
Athena Capital Advisors LLC	Lincoln			✓	✓
Baldwin Brothers, Inc.	Marion		✓	✓	✓
Ballentine Partners, LLC	Waltham	✓	✓	✓	✓
Breckinridge Capital Advisors	Boston	✓	✓	✓	✓
Choate Investment Advisors LLC	Boston	✓	✓	✓	✓
Federal Street Advisors, Inc.	Boston	✓	✓	✓	✓
Grimes & Company, Inc.	Westborough	✓	✓	✓	✓
Kaplan Financial Services, Inc.	Newton	✓	✓	✓	✓
Reynders, McVeigh Capital Management, LLC	Boston	✓	✓	✓	✓
SCS Financial	Boston			✓	✓
The Colony Group, LLC	Boston	✓	✓	✓	✓
Welch & Forbes LLC	Boston	✓	✓	✓	✓
Wellesley Investment Advisors	Wellesley	✓	✓	✓	✓
Michigan					
Flexible Plan Investments, Ltd.	Bloomfield Hills	✓	✓		✓
LJPR, LLC	Troy	✓	✓		✓
Mainstay Capital Management, LLC	Grand Blanc	✓	✓	✓	
Rehmann Financial	Lansing	✓	✓	✓	✓
Retirement Income Solutions, Inc.	Ann Arbor	✓	✓		✓
Telemus Capital, LLC	Southfield		✓	✓	✓
Minnesota					
JNBA Financial Advisors	Minneapolis	✓	✓	✓	✓
Minneapolis Portfolio Management Group LLC	Minneapolis	✓	✓		✓
Riverbridge Partners, LLC	Minneapolis	✓	✓	✓	✓
Windsor Financial Group, LLC	Minneapolis	✓	✓	✓	✓
Mississippi					
Medley & Brown	Jackson	✓	✓	✓	✓
Missouri					
Acropolis Investment Management, LLC	Chesterfield	✓	✓	✓	✓
BKD Wealth Advisors, LLC	Springfield	✓	✓	✓	✓
Matter Family Office	St. Louis		✓	✓	
Moneta Group Investment Advisors, LLC	Clayton		✓	✓	✓
Plancorp, LLC	St. Louis	✓	✓	✓	✓
Zemenick & Walker, Inc.	Clayton	✓	✓	✓	✓
Montana					
Stack Financial Management	Whitefish	✓	✓	✓	✓
Nebraska					
Carson Wealth Management Group	Omaha	✓	✓	✓	
Lawson Kroeker Investment Management	Omaha	✓	✓	✓	✓
New Jersey					
Condor Capital Management	Martinsville	✓	✓	✓	✓
Massey, Quick & Co. LLC	Morristown	✓	✓	✓	✓
Meyer Capital Group	Marlton	✓	✓	✓	✓
Modera Wealth Management	Westwood	✓	✓	✓	✓
Pathstone Family Office	Fort Lee	✓	✓	✓	✓
Private Advisor Group	Morristown	✓	✓	✓	✓
RegentAtlantic	Morristown	✓	✓	✓	✓
The MDE Group	Morristown		✓	✓	✓
New York					
Alesco Advisors LLC	Pittsford	✓	✓	✓	✓
Altfest Personal Wealth Management	New York	✓	✓	✓	
Barrett Asset Management LLC	New York	✓	✓	✓	✓
Bridgewater Advisors Inc.	New York	✓	✓	✓	✓
Capital Counsel LLC	New York	✓	✓	✓	✓
Clarfeld	Tarrytown		✓	✓	✓
Constellation Wealth Advisors LLC	New York		✓	✓	✓
Courier Capital Corporation	Buffalo	✓	✓	✓	✓
Douglas C. Lane & Associates, Inc.	New York	✓	✓	✓	✓
Douglass Winthrop Advisors LLC	New York		✓	✓	✓
Dynasty Wealth Management, LLC	New York		✓	✓	✓
Edge Wealth Management LLC	New York	✓	✓	✓	
Evercore Wealth Management	New York		✓	✓	✓
Geller Family Office Services, LLC	New York		✓	✓	✓
Gerstein Fisher	New York	✓	✓	✓	✓
HighTower's NSW Advisors	New York		✓	✓	✓
Highmount Capital	New York		✓	✓	✓
HighTower's Morse, Towey & White Group	New York	✓	✓	✓	
Ingalls & Snyder LLC	New York	✓	✓	✓	✓
Joel Isaacson & Co., LLC	New York		✓	✓	✓
Klingman & Associates, LLC	New York	✓	✓	✓	✓
Linden Global Strategies LLC	New York		✓	✓	✓
LVW Advisors, LLC	Pittsford		✓	✓	✓
M. Griffith Investment Services, Inc.	New Hartford	✓	✓	✓	✓
Matrix Asset Advisors, Inc.	New York	✓	✓	✓	✓
Nottingham Advisors	Buffalo	✓	✓	✓	✓
Offit Capital	New York		✓	✓	✓
Schafer Cullen Capital Management, Inc.	New York	✓	✓	✓	✓
Silvercrest Asset Management	New York	✓	✓	✓	✓
Sontag Advisory	New York	✓	✓	✓	✓
TAG Associates, LLC	New York		✓	✓	✓
The Portfolio Strategy Group, LLC	White Plains	✓	✓	✓	✓
Tiedemann Wealth Management	New York		✓	✓	✓
Tirschwell & Loewy, Inc.	New York		✓	✓	
North Carolina					
Carroll Financial Associates, Inc.	Charlotte	✓	✓	✓	✓
Horizon Investments	Charlotte	✓			✓
Novare Capital Management	Charlotte	✓	✓	✓	✓
Parsec Financial	Asheville	✓	✓	✓	
Stearns Financial Group	Greensboro	✓	✓	✓	✓
Ohio					
Bahl & Gaynor Investment Counsel	Cincinnati	✓	✓	✓	✓
Bartlett & Co., LLC	Cincinnati	✓	✓	✓	✓
Budros, Ruhlin & Roe, Inc.	Columbus	✓	✓	✓	✓
Carnegie Investment Counsel	Beachwood	✓	✓	✓	✓
Foster & Motley, Inc.	Cincinnati	✓	✓	✓	✓
Hamilton Capital Management, Inc.	Columbus	✓	✓	✓	✓
Johnson Investment Counsel	Cincinnati	✓	✓	✓	✓
McDonald Partners, LLC	Cleveland	✓	✓	✓	✓
OBS Financial Advisors, Inc.	Whitehouse	✓	✓		✓
RiverPoint Capital Management	Cincinnati	✓	✓	✓	✓

FT 300 Top Registered Investment Advisers

Firm name	City	Client segments served: Retail (individuals with <$1m)	HNW (individuals with $1m – $10m)	Ultra HNW (individuals with $10m +)	Institutional
Spero-Smith Investment Advisers, Inc.	Cleveland	✓	✓	✓	✓
Summit Financial Strategies, Inc.	Columbus	✓	✓	✓	✓
Truepoint Wealth Counsel	Cincinnati	✓	✓	✓	✓
Oklahoma					
Capital Advisors, Inc.	Tulsa	✓	✓	✓	✓
Exencial Wealth Advisors	Oklahoma City	✓	✓	✓	✓
Tom Johnson Investment Management, LLC	Oklahoma City	✓	✓		✓
Oregon					
Ferguson Wellman Capital Management	Portland	✓	✓	✓	✓
Northside Capital Management, LLC	Hood River		✓	✓	
Vision Capital Management, Inc.	Portland	✓	✓		✓
Pennsylvania					
Cornerstone Advisors Asset Management, Inc.	Bethlehem		✓	✓	✓
Fort Pitt Capital Group	Pittsburgh	✓	✓	✓	✓
Fragasso Financial Advisors	Pittsburgh	✓	✓	✓	✓
HBKS Wealth Advisors	Erie	✓	✓	✓	✓
Logan Capital Management, Inc.	Ardmore	✓	✓	✓	✓
Mill Creek Capital Advisors, LLC	Conshohocken	✓	✓	✓	✓
myCIO Wealth Partners, LLC	Philadelphia	✓	✓	✓	✓
Palladiem, LLC	Malvern		✓		✓
Prudent Management Associates	Philadelphia		✓	✓	✓
Sage Financial Group	Conshohocken	✓	✓	✓	
Schneider Downs Wealth Management Advisors, LP	Pittsburgh	✓	✓	✓	✓
Tower Bridge Advisors	Conshohocken	✓	✓	✓	✓
Veritable, L.P.	Newtown Square		✓	✓	
Wescott Financial Advisory Group LLC	Philadelphia	✓	✓	✓	✓
XPYRIA Investment Advisors	Pittsburgh	✓	✓	✓	✓
Rhode Island					
Endurance Wealth Management	Providence		✓	✓	✓
Professional Planning Group	Westerly	✓	✓	✓	✓
Tennessee					
CapWealth Advisors	Franklin	✓	✓	✓	✓
Highland Capital Management, LLC	Memphis	✓	✓	✓	✓
Legacy Wealth Management	Memphis	✓	✓	✓	✓
TrustCore	Brentwood	✓	✓	✓	✓
Texas					
Covenant Multifamily Office LLC	San Antonio	✓	✓	✓	✓
Money Matters with Ken Moraif	Plano	✓	✓		
Retirement Advisors of America	Addison	✓	✓		
Sendero Wealth Management	San Antonio	✓	✓	✓	✓
SFMG Wealth Advisors	Plano	✓	✓	✓	
South Tex as Money Management	San Antonio	✓	✓	✓	✓
Tanglewood Wealth Management, Inc.	Houston	✓	✓	✓	✓
True North Advisors	Dallas	✓	✓	✓	✓
Vermont					
Manchester Capital Management LLC	Manchester	✓	✓	✓	✓
Virginia					
Burney Company	Falls Church	✓	✓	✓	✓
Cassaday & Company, Inc.	McLean	✓	✓	✓	
Catawba Capital Management	Roanoke	✓	✓		✓
Edelman Financial Services LLC	Fairfax	✓	✓	✓	✓
Glassman Wealth Services	McLean	✓	✓	✓	✓
Mason Investment Advisory Services, Inc.	Reston	✓	✓	✓	✓
SIGNATURE.	Norfolk		✓	✓	✓
The London Company of Virginia, LLC	Richmond	✓	✓	✓	✓
West Financial Services, Inc.	McLean	✓	✓	✓	✓
Wilbanks Smith & Thomas Asset Management, LLC	Norfolk	✓	✓	✓	✓
Washington					
Badgley Phelps Investment Managers	Seattle	✓	✓	✓	✓
Brighton Jones	Seattle	✓	✓	✓	✓
Bristlecone Advisors, LLC	Seattle		✓	✓	✓
Empirical Wealth Management	Seattle	✓	✓	✓	
Evergreen Capital	Bellevue	✓	✓	✓	
Fisher Investments	Camas	✓	✓	✓	✓
Freestone Capital Management	Seattle	✓	✓	✓	✓
Laird Norton Wealth Management	Seattle		✓	✓	✓
Merriman Wealth Management, LLC	Seattle	✓	✓	✓	
SNW Asset Management	Seattle		✓		✓
Threshold Group	Gig Harbor		✓	✓	✓
Wisconsin					
Annex Wealth Management, LLC	Elm Grove	✓	✓		✓
Cleary Gull	Milwaukee	✓	✓	✓	✓
Diversified Management, Inc.	Milwaukee	✓	✓	✓	
Orgel Wealth Management	Altoona	✓	✓	✓	✓
Sadoff Investment Management	Milwaukee	✓	✓		✓

Methodology A quantifiable and objective way to establish who is in an elite group, but not a competitive ranking

The principle behind the Financial Times 300 is to centre the criteria on the affluent and wealthy investors who tend to be readers of the Financial Times.

We assessed the registered investment adviser (RIA) practices from the perspective of current and prospective investors.

The Financial Times' methodology is quantifiable and objective. We went through the database of RIAs who are registered with the US Securities and Exchange Commission, and selected those practices reporting to the SEC that they had $300m or more in assets under management. That ensured a list of firms with established and institutionalised investment processes. The RIA firms had no subjective input.

The FT then invited qualifying RIA firms – more than 2,000 – to fill in a lengthy application that gave more information about their practices. We augmented that information with our own research into the practices, including data from regulatory filings.

The formula the FT uses to grade advisers is based on six broad factors and calculates a numeric score for each adviser.

Areas of consideration include adviser assets under management, asset growth, the firm's years in existence, industry certifications of key employees at the firms, SEC compliance record and online accessibility:

- **Assets under management (AUM):** signals experience managing money and client trust.
- **AUM growth rate:** growing assets is a proxy for performance, as well as for asset retention, and ability to generate new business.
- **Firm's years in existence:** indicates reliability as a firm, and experience managing assets through varying market environments.
- **Compliance record:** provides evidence of past client disputes; a string of complaints can signal potential problems.
- **Industry certifications (CFA, CFP, etc):** shows technical and industry knowledge, obtaining these designations signals to clients a professional commitment to investment skills.
- **Online accessibility:** illustrates commitment to providing investors with easy access and transparent contact information.

Assets under management and asset growth comprise 85-90 per cent of each adviser's score.

Additionally, to serve our readers' interests and provide a diversity of advisers, the FT places a cap on the number of RIAs from any one state that's roughly correlated to the distribution of millionaires across the US.

We present the FT 300 as an elite group, not a competitive ranking of 1 to 300.

We acknowledge that ranking the industry's most elite advisers from 1 to 300 is a futile exercise, since each advisory firm takes its own approach to its practice and has different specialisations.

Loren Fox

Market vision: Investors expect their advisers not just to acquire letters after their names, but to produce returns for their clients

Dreamstime

RIAs see less need for a paper chase

Accreditation Advisers need to balance academic awards with on-the-job knowledge, writes *Laura Suter*

Independent financial advisers used to feel they had to gather all manner of qualifications to compete with the big brokerages. But times appear to have changed, especially after the financial crisis.

Asked whether registered independent advisers (RIAs) these days have to "make up" for not having a big group behind them, Brian Holmes, president and chief executive of wealth management firm Signature Estate & Investment Advisors, says: "After the debacle of 2007 and 2008 with the wirehouses, the answer would be no.

About 20 years ago when Mr Holmes was starting out on his own in the financial advice world the thought did cross his mind: that qualifications could fill the gap of not being large or well known. "Honestly, I think we're . . . beyond that now," says the LA-based adviser.

Most financial advice firms see the Certified Financial Planning (CFP) designation, and a bachelors or master's degree in a relevant topic as the basis for new financial advisers, whether they gain this on the job or before applying to an independent firm.

A Certified Public Accountant (CPA) certification can also help in the financial planning role. For more investment-focused advisers, the Chartered Financial Analyst programme is essential for some, accompanied by the CPA and the CAIA designation, which focuses on alternative investment education.

However, with estimates of about 150 certifications or designations on the market for financial advisers, there is opportunity to pursue many more.

Since 2007, it has been easier for independent advisers to compete with the wirehouses, says Dave Bellaire, executive vice-president and general counsel at the Financial Services Institute, a trade group for independent advisers.

"After 2007, the big Wall Street brands are seen by many in the financial services as more a liability than an enhancement to business," he says, which has led to a run of adviser defections from wirehouses to independent firms. "Some [RIAs] may choose to pursue another designation to expand their knowledge, but I don't see them pursuing a designation so they can compete with Wall Street firms."

Fellow independent adviser Brian Sutliff, partner at Summit Financial Strategies, agrees that for small firms that are starting out a clutch of qualifications can help boost their profile, and give them confidence to compete against behemoths such as Merrill Lynch and UBS.

"With our firm now, with the size and reputation, I don't feel that," he adds.

Those who turn up with all the designations or certifications under the sun might find this a disadvantage. "Personally," says Ohio-based Mr Sutliff, "when I see a list of 17 designations I wonder why." He adds that it would raise a red flag for a candidate applying to the firm.

However, gathering qualifications and certifications could boost an adviser's brand, says Sean Walters, chief executive and executive director of the Investment Management Consultants Association (IMCA).

"Registered independent advisers don't have any other brand to lean on. Personal certifications is a way to invest in that personal brand," says Mr Walters. However, he does not see that play out among independent advisers.

For ultra-high-net-worth wealth manager GenSpring there is an expectation from clients that they will have those "table stake" qualifications to support their work as a financial adviser. But that is not everything. "What really differentiates us is not what we have but how we deliver it," says Mike Santone, chief operating officer at GenSpring.

Do qualifications matter to clients and do they understand them? Research from the Certified Financial Planner Board of Standards last year found that 84 per cent of investors take certifications or qualifications into consideration when selecting a financial adviser, and 68 per cent prefer someone who has a designation that demonstrates "knowledge of multiple financial areas".

"I think it's part of the mix of information that potential clients gather," says Mr Bellaire. But much of independent adviser business is gained by referrals, he says.

For GenSpring, the requests for proposal it receives to bid for business often ask questions on the number of accredited professionals at GenSpring, and the percentage of advisers with those accreditations.

It really depends on the client type as to whether they understand the various designations and certifications, says Mr Sutliff.

"The clients we work with usually understand they need to have a Certified Financial Planner and come in looking for that," he says, but not all clients do.

Research from IMCA, which offers the Certified Investment Management Analyst certification, finds that qualifications are even more important with the next generation of investors.

While 62 per cent of investors said it is important or critical for their adviser to have voluntary qualifications, this increases to 84 per cent for millennials, or those between the ages of 18 and 29.

Across a range of questions, investors between the ages of 18 and 40 "consistently cite the importance of advanced, voluntary credentials more often than other age groups", says the research.

Maintaining credentials or participating in continuing education is also important for clients, with 81 per cent of investors in the IMCA study saying it is important or critical.

But that broadens the range of options for financial advisers to about five certifications, says Mr Walters. "They don't expect their adviser just to gain letters," he says. "Clients expect advisers to have to do something to maintain those credentials."

ETF emphasis Firm adopts mind-mapping programme

When the founding trio of Pinnacle Advisory Group started their wealth management firm in 1993, the exchange traded fund was a nascent investment vehicle. Now, more than 20 years later, both Pinnacle and the ETF have grown up.

With 75 per cent of investable client assets in exchange traded funds, Pinnacle has a greater proportion than any other FT 300 firm. With nearly 850 clients and $1.22bn in assets under management, Pinnacle had its hands full in 2013, a year that saw client assets grow 19 per cent.

The firm took strategic risks, so this sort of success was not guaranteed. One of the first large RIAs to specialise in ETFs, Pinnacle started its transition to ETFs about five years ago with an eye to lowering investment costs for clients. Meanwhile, the firm also looked to expand its offering beyond an improved investing experience.

A year and half ago, the firm, based in Columbia, Maryland, began upgrading its financial planning services when its advisers adopted a mind-mapping programme to organise clients' lifestyle goals visually.

The programme allows clients and their advisers to construct a diagram representing what want they want to accomplish with their investments. This helps clients "connect the dots" between their finances and lifestyle choices, says Barbara Ristow, Pinnacle's financial planning director.

While some firms view their fellow RIAs as challengers, Pinnacle's unique value proposition has endowed it with the tools not only to beat the competition, but also to form productive partnerships with would-be rivals.

The firm takes pride in the adoption of its turnkey investment platform by smaller RIAs seeking to use more sophisticated portfolio management tools than they could build on their own.

Michael Shagrin

FINANCIAL TIMES THURSDAY JUNE 26 2014