



Greenrock Research and Relationship Managers

As a relationship manager working with RIA clients, one of your frustrations is to find answers for what it will take for RIAs to grow their assets and their client base. We have been helpful to many people in your position for a certain segment of their RIA clients. We have helped RIA firms grow their assets when their growth hits a plateau.

Discussing an outsourced research solution with your clients has not been part of your to do list, but it should be. Certainly this is not for all of your clients because many RIA firms take pride in doing their own research. But there are RIA firms who would welcome the help with investment portfolios if they knew it was available. The reality is RIAs know outsourced help is available for technology, back office issues, and compliance....but very few know they can get help with investment research.

The relationship managers whom we have helped have followed the three steps below in identifying and chatting with RIAs about outsourced research.

1. Look for firms that have hit a ceiling. This could be a \$150m firm with one principal or a \$400m firm with a couple of principals. Many of these firms find that they are in the position of wanting to grow.....but they do not have the time to make that happen. Some of the firms with whom we have worked actually had new prospective clients knocking on their door, but they lacked the time to take them on.
2. Ask these firms if they have ever or would consider help with their investment portfolios....outsourcing their research. Most RIA firms are not aware that they can get help from a firm like ours....so making them aware could result in some value-added conversations.
3. Do not recommend us. If you get a firm that wants to chat....introduce us as a research firm that has very good relationships with many of your clients. Let us rise or fall on our own.

We have helped a good number of firms grow from \$150m to \$300m, and others from \$400m to \$600m. Once they have time freed up from their investment research duties, they have time to spend with clients and prospects. We not only provide them with great investment solutions, but also with all of the collateral materials to help them communicate with their clients.

If we can be of assistance in helping your clients grow....we welcome the opportunity to do so. If you would like to chat about specific clients in your book....we are happy to explore how we can help.

Case 1 – Hit a Ceiling:

The Challenge: This prospect was an RIA in the Midwest that had built his client assets to \$200 million. He was frustrated because he wanted his wealth management firm to continue to grow...but he had stalled. Between servicing his clients, handling the day-to-day operations of his firm, and figuring out his investment strategies...he had no time left to grow his business. Additionally, the investment aspect of his business was becoming increasingly challenging and complex. He had many clients that needed to generate income and, given the current interest rate environment, generating income seemed like a daunting task.

The Introduction: During a visit with a representative from his custodian, the discussion led into how the custody firm could help the prospect grow. The time constraint problem surfaced. The custodian inquired as to whether or not the prospect had considered hiring an outsourced CIO to free up time. He had not and was not even aware that this type of service was available from an independent investment research firm. Without making a recommendation, the custodian rep provided the prospect with a couple of referrals including Greenrock Research. The prospect was appreciative.

The Approach: The initial meeting with Greenrock was not what the client was expecting. The Greenrock rep was a seasoned investment professional with a great deal of knowledge about the industry and the challenges the prospect was facing. It did not seem like Greenrock was trying to sell the prospect anything. Rather, Greenrock was interested in assessing the prospects' needs so that they could develop a customized plan of action. By the end of the meeting, the prospect agreed to provide Greenrock with information on his book of business and his current investment program so that Greenrock could provide a tailored solution to the prospect's challenges.

The New Investment Program: In subsequent meetings between Greenrock and the prospect, Greenrock presented their analysis and recommendations. They walked the prospect through the rationale and investment philosophy behind the new program. The new program's investment objectives were based on solid research of the historic behavior of the capital markets. The program was designed to have lower than market volatility while achieving above average long-term results. Additionally, the new program had advantageous investment management fees, was significantly more tax efficient than the prospect's current program, and the portfolios were producing twice the income. The combination of Greenrock's collaborative approach and their customized investment solutions was compelling. The prospect became a Greenrock client.

The Results: In the months that followed, Greenrock's high touch approach led to a strong partnership with the new client. The new program had been virtually turn-key and the client's clients were pleased with the new structure and the investment results. The new client was amazed with the time he was saving by bringing in an outsourced CIO and he was able to turn his attention back to growing his business. Over the next 18 months, his client assets had grown from \$200 million to \$325 million. He was greatly appreciative that the custodian representative had taken the time to listen and suggest what had turned out to be a highly value-added idea.

Case 2 – In Transition:

The Challenge: This West Coast wealth management firm had been in business for thirty years and had accumulated \$300 million in client assets. The founder wanted to retire in the next year or two and pass the reins to his partner. The problem was the founding partner had always taken the lead in managing the investment aspect of the business. Additionally, the firm had encountered several opportunities to pursue larger more sophisticated clients, but had not been able to land these prospects because their investment approach was perceived as “run of the mill” and too simplistic. The founder and his partner agreed that they needed to make some changes and find a solution to this problem.

The Introduction: The founder contacted his custodian representative to see if she had any ideas. She brought up the idea of utilizing an investment research firm. She explained that there are several types of firms that could help solve the problem. Some firms receive compensation from investment managers and offer “packaged” investment portfolios, and other firms make recommendations using an open architecture approach. After some discussion, they agreed that an independent firm that could choose from any available investment manager or product would serve the firm’s clients the best. The custodian rep provided contact information for several firms including Greenrock Research.

The Approach: Greenrock’s approach to solving the prospect’s problem was logical and professional. They began with an analysis of the prospect’s client base and current investment program. After completing an assessment of the prospect’s needs, they introduced a plan of action and collaborated closely with the founder and his partner to make sure that all of their questions and concerns were addressed. Greenrock’s knowledge and insights were impressive.

The New Investment Program: The new investment program was customized to meet the prospect’s needs. Rather than a hodge-podge of mutual funds, the new program offered a set of clearly defined investment strategies that spanned the risk spectrum. It utilized a combination of mutual funds, ETFs, and separately managed accounts offered by institutional caliber investment managers. Though it was easy to understand, it was a much more sophisticated approach than the old investment program and the founder knew it would help differentiate the firm and appeal to larger clients. Greenrock had been successful at negotiating lower investment management fees with several of the managers and the overall cost of the new program was significantly lower. Additionally, Greenrock provided assistance with communications and materials to help with the roll out of the new program.

The Results: The new investment program sparked new life into the wealth management firm. They successfully landed several large new clients and assets grew from \$300 million to over \$400 million. The founding partner was enjoying spending more time with clients and decided to postpone his retirement. Both the founder and his partner viewed the custodian representative as the hero who had steered them in the right direction at a challenging crossroads for the firm.



Case 3 – Breakaways:

The Challenge: The CEO of this rapidly growing New England firm was charismatic. He had successfully enticed three teams of advisors to breakaway from mega-brokerage firms and join his recently minted RIA. They were strong marketers and cumulatively, they brought \$285 million in client accounts into the firm. The CEO had a line on a number of other disgruntled advisors at other large firms and he planned to substantially grow his business by attracting more breakaway brokers. But the investments were a problem. In the past, his team of advisors had tapped into the investment research resources of their respective brokerage firms. Since joining his RIA, a myriad of investment strategies had developed and the CEO was concerned about the quality and viability of client portfolios. Trying to get the team to adopt a unified investment philosophy was a lot like herding cats and the CEO realized that in order to grow his business and establish a top drawer reputation...he needed to address this problem.

The Introduction: In an effort to avoid putting all of his eggs in one basket, the CEO had opted to work with two custody firms. He contacted both firms to see if they had any insight into how other wealth management firms dealt with this challenge. The first custody firm came up dry. But the second firm suggested he consider outsourcing the CIO function to a firm that would have credibility with his advisor team. He was skeptical about what this would cost but he agreed to meet with a couple of firms. The custodian made arrangements for him to meet with two firms...one being Greenrock Research.

The Approach: The CEO was pleased to learn that the Greenrock team was made up of investment professionals that had extensive experience across the asset class spectrum. He quickly realized that Greenrock would command the respect of his advisor team. Greenrock's investment philosophies were well thought out and they had achieved an outstanding track record since their inception in 1996. He learned that their fees were much lower than he had imagined and typically ranged between 10 – 20 basis points. Additionally, Greenrock had negotiated discounts with some investment managers and other service providers on behalf of their clients....and these discounts offset a material portion of Greenrock's fees. The fact-finding process that Greenrock employed was extremely thorough. They analyzed the multiple strategies his advisors were currently using and identified deficiencies and areas of strength and weakness. He decided that using Greenrock as his outsourced CIO was the right step to get his investment program under control and unify his advisor team.

The New Investment Program: After numerous meetings with the CEO and his team of advisors, Greenrock presented a new investment program for the firm. The new program utilized a UMA structure with global equity, global fixed income, and liquid alternatives sleeves. Separately managed accounts, mutual funds, and ETFs were used for targeted purposes. Allocations among the sleeves could be varied so that specific risk/return objectives could be achieved. The program was designed so that even relatively small accounts could take advantage of institutional grade investments. Serving as the outsourced CIO, Greenrock would monitor the investments and the managers and meet with the CEO and his team quarterly to keep everyone up-to-date on the program.

The Results: Given the new investment structure, the CEO decided that utilizing one custodian would be more efficient than keeping both custodians. He opted to shift all the assets to the custodian that had helped him solve his investment problem and introduced Greenrock Research. Over the months that followed, he was able to bring two additional high octane teams of breakaway brokers into his firm. He discovered that the new investment program was a key selling point for bringing new breakaways on board. The combination of marketing success and new accounts brought into the firm by the two new teams skyrocketed assets from the initial \$285 million to over \$600 million.