The Top 25 High-Net-Worth Advisors in 2016

Primary Business Name	Main Office Location	Number of Employees Who Give Advice	Total Accounts	Discretionary AUM	Total AUM
1. Oxford Financial Group	Carmel, Ind.	30	7,069	$2.2 billion	$13.8 billion
2. Shepherd Kaplan LLC	Boston	24	2,287	$2.1 billion	$10.3 billion
3. Brownson, Rehmus & Foxworth	Chicago	48	536	$0	$10 billion
4. Convergent Wealth Advisors LLC	Potomac, Md.	42	3,499	$5.8 billion	$8.2 billion
5. Athena Capital Advisors LLC	Lincoln, Mass.	29	460	$5.1 billion	$6.0 billion
6. Ballentine Partners LLC	Waltham, Mass.	48	2,866	$2.3 billion	$5.2 billion
7. The Colony Group LLC	Boston	65	6,585	$3.8 billion	$5.1 billion
8. Halbert Hargrove	Long Beach, Calif.	27	3,258	$2.2 billion	$4.1 billion
9. Seven Post Investment Office LP	San Francisco	11	332	$3.6 billion	$4.0 billion
10. Homrich Berg	Atlanta	48	5,384	$3.5 billion	$3.9 billion
11. Wetherby Asset Management	San Francisco	35	2,881	$3.6 billion	$3.8 billion
12. RGT Wealth Advisors	Dallas	34	7,038	$3.1 billion	$3.8 billion
13. Signature Estate & Investment Advisors (SEIA)	Los Angeles	25	7,853	$507.8 million	$3.6 billion
14. Evanson Asset Management LLC	Carmel, Calif.	4	4,306	$3.5 billion	$3.5 billion
15. Bartlett & Co. LLC	Cincinnati	17	2,828	$3.4 billion	$3.4 billion
16. Signature Family Wealth Advisors	Norfolk, Va.	21	987	$3.3 billion	$3.3 billion
17. RegentAtlantic	Morristown, N.J.	23	1,522	$3.1 billion	$3.2 billion
18. R. M. Davis Inc.	Portland, Maine	20	4,090	$3.1 billion	$3.1 billion
19. Threshold Group LLC	Gig Harbor, Wash.	25	1,844	$946.8 million	$2.9 billion
20. Carson Wealth Management Group	Omaha, Neb.	67	12,062	$2.8 billion	$2.9 billion
21. Plancorp LLC	St. Louis	34	4,845	$2.9 billion	$2.9 billion
22. Joel Isaacson & Co. LLC	New York	17	3,316	$1.7 billion	$2.9 billion
23. Atherton Lane Advisers LLC	Menlo Park, Calif.	26	702	$2.7 billion	$2.8 billion
24. Matter Family Office	Clayton, Mo.	18	187	$0	$2.8 billion
25. WMS Partners LLC	Towson, Md.	17	401	$2.0 billion	$2.7 billion

Methodology: *WealthManagement*'s Top 25 High-Net-Worth Advisors ranking was assembled using data from Meridian-IQ (in which Penton Media has a stake). Advisory firms are ranked by total assets under management. To land on the list, high-net-worth clients had to account for 76 percent or more of the firm's business. Firms also had to have a focus on financial and retirement planning; institutional clients do not make up a substantial portion of their businesses. Finally, none of these firms are owned by a bank, broker/dealer or investment company.

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The Trouble With The (Multi) Millionaire Next Door

MOVING INTO THE HIGH-NET-WORTH SPACE IS NOT THE EASIEST WAY FOR A MASS-AFFLUENT ADVISOR TO GROW.

BY MEGAN LEONHARDT

Advisory firms are under pressure: Fees are falling, digital platforms are eating away at the entry-level mass affluent market, and regulatory scrutiny is on the upswing.

Yet, wealth management for high-net-worth (HNW) clients is still considered the biggest opportunity for full-service firms, and more advisors are crowding into the market. Last year, approximately 13 percent of advisors reported they primarily focus on clients with assets greater than $2 million, according to data from Cerulli Associates. In 2015, that percentage increased to 22 percent, a trend Cerulli says it expects to continue.

Many of these advisory firms are fleeing a mass affluent space where it is becoming much harder to compete, says Alois Pirker, research director at Aite Group. Mass affluent clients and prospects have more options for low-cost guidance as the industry tilts toward passive investing strategies and automated allocation models.

"The full-service business model is just more and more moving upmarket. The advisors there have a book that is really focused on high-net-worth clients," Pirker says.

Last month Wells Fargo CEO John Stumpf told an audience at an investment conference that the bank's wealth and investment

Illustration: Peshkova/Thinkstock

management business is its largest growth opportunity, and could earn "multiples" of what it brings in now, according to *Bloomberg News*. While the bank had 11 percent of the operating deposits in the country, it only manages about 1 to 2 percent of the wealth, according to the report. In October, Wells Fargo announced an agreement with Credit Suisse for an inside track on recruiting its U.S. private banking employees as the Zurich-based firm retreats from the market.

For now, trends are in favor of the move: In 2015, the U.S HNW population reached 4.4 million, with $15.2 trillion in assets, up 9.4 percent from last year, according to research from Capgemini. Yet Capgemini found these same clients do not have much confidence that their wealth manager understands their needs. It's a more fragile relationship where clients are more likely to leave their advisor.

Buying into the HNW space is the strategy of the major brokerage firms whose traditional client profiles tilt more towards the less wealthy. In many cases it demonstrates the difficulty of the transition upmarket.

When Stifel Financial announced their intention to acquire Barclays' U.S. wealth management business last year, the Barclays team had some 180 advisors and over $56 million in client assets. Though Stifel made significant investments to accommodate the incoming advisors, when the deal closed last month only about half of the Barclays team was still on board, according to published reports. Many others jumped to other firms with, according to one recruiter, more "brand cachet" in the HNW market.

And despite its deal with Wells Fargo, several high-profile wealth managers from Credit Suisse have recently decamped to UBS and Morgan Stanley.

Meanwhile, Raymond James went ahead with its plans to purchase Deutsche Bank's private client group, which consists of approximately 200 advisors managing some $50 billion in client assets.

Paul Reilly, CEO of the St. Petersburg, Fla.-based firm, stressed the importance of Deutsche's geographic footprint in the wealthiest markets in the country.

"The franchise gives us much more scale in these targeted market areas, and they're expensive to grow organically," Reilly says. "Over the long term, expanding the base of high-net-worth clients will enable us to make additional investments in products and services that we believe will help many of our advisors."

The deal is in line with Raymond James' goal to be the "premiere alternative to Wall Street," Reilly says.

Larger firms, of course, have advantages that smaller firms attempting the same market pivot do not. What many smaller

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firms do not always grasp, according to some observers, is that high-net-worth clients are not just richer versions of the mass affluent, though many of their planning goals remain the same. They differ dramatically in terms of service expectations, tax and estate planning needs, business ownership concerns and/or executive compensation structures. The HNW client brings a need for much more attention to each individual case, and some mass affluent advisors can crash up against the limits of their own knowledge and capabilities, according to industry consultant Matt Lynch of Strategy & Resources.

It's also a false assumption to think these clients are more profitable. "In the HNW space, the margins are thin to begin with because you're going to have lower fees for larger accounts, you're going to have more requirements in terms of expectations on the services you provide to the client, and you're likely going to have more intermediaries on the supply chain to provide specialized services."

"It's like Walmart saying they want to compete with Nordstrom," Lynch says. Certainly there are firms with capital that can go out and acquire businesses that serve the HNW client, but attempting to lift an entire advisory business to the same level as an acquired firm already in the market is not really feasible.

"The idea that you can go out and buy it, and spread it among an existing group of advisors who are not familiar with that client base—I don't see that working very well for firms that have attempted it," Lynch says. ■

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