

Why Hire An Asset Manager?

❖ **Because things change**

- Market conditions change. Financial crises, geopolitics, and other unknown events can dramatically alter the appropriate investment strategy
- The best market tools change. New ones are introduced or they become cheaper, or better at isolating & managing risk
- Your Return, Risk, and Liquidity targets change. As you change, so must your portfolio
- Your life changes. Kids, extended families, college, even divorces. As these events occur, your approach to needs to change
- Your Tax Situation changes. As you age, as other business activities are successful or not

❖ **Because Asset Managers are Professionals**

- They can ensure consistent implementation of an investment strategy. They can be “a cool head in volatile times”
- They are up-to-date on portfolio management theory, optimization, and risk management techniques
- They have access to more products (securities, even trading platforms such as futures or options pricing models)
- They provide more timely risk management (constant monitoring, ability to hedge risks rapidly)
- They should provide better risk management – more precise and more accurate.

❖ **Because an Asset Manager can coordinate with your other professionals**

- With your accountant as tax laws change
- With your Estate Planner as options, laws, opportunities, change
- With your Insurance broker, Mortgage broker, banker as needs and opportunities change
- ...And just the fact that somebody is coordinating improves efficiency

❖ **Because it saves you time and stress**

- It takes a lot of time to manage investments yourself
- Trusting that your money is in good hands = less stress

- It is nearly impossible to replicate somebody watching your portfolio 5 days a week, 52 weeks a year
- If something happens to you, what happens to your portfolio? (Who even knows your login, never mind what active risks you have on that should be taken off); Your family starts from scratch piecing together your investment profile.

❖ **Because it's hard to define your objectives and strategy on your own**

- What are your risk, return, and liquidity objectives?
- What is the best Beta / Asset Allocation to match those?
- How do you define an Asset Class? What are the components used?
- What is a reasonable Sharpe Ratio (and reasonable for you?)
- How do you manage Tail Risk?
- Good Tools are hard to come by – how do you calculate your IRR on a complex portfolio?
- What's your track record?

❖ **Because it's an investment**

- As your life goes and grows, your ready with a team in place
- A good asset manager's advice becomes more valuable over time; They will have experience with clients with needs similar to your own
- Wisdom is often greater-than knowledge (sometimes we know when an investment just... smells bad)

❖ **Because asset manager fees are often tax deductible**

❖ **Because an asset manager can provide education**

- Training in investments, portfolio management, even economics
- Help you leverage you (and your families) human capital
- Helping you see wealth as not just insurance, but opportunity

❖ **Because hiring an asset manager is an act of diversification:**

- Investing your money yourself consolidates your risk; Your family is now 100% dependent on you being successful
- When another aspect of your life (e.g. your job, or business) requires sudden dedicated time, it comes from your time managing your portfolio