

TOP 50 REGISTERED INVESTMENT ADVISERS

| | FIRM NAME > MAIN OFFICE LOCATION | AUM, IN MILLIONS* | YOY % CHANGE | RANK YOY % CHANGE |
|----|--|-------------------|--------------|-------------------|
| 1 | Wetherby Asset Management > SAN FRANCISCO | \$3,503 | 8.4 | |
| 2 | Bartlett > CINCINNATI | 3,210 | 12.3 | |
| 3 | Evanson Asset Management > CARMEL, CALIFORNIA | 3,168 | 18.4 | |
| 4 | RegentAtlantic > MORRISTOWN, NEW JERSEY | 2,878 | 24.9 | 6 |
| 5 | R.M. Davis > PORTLAND, MAINE | 2,825 | 25.0 | 5 |
| 6 | Dowling & Yahnke > SAN DIEGO | 2,758 | 17.8 | |
| 7 | Atherton Lane Advisers > MENLO PARK, CALIFORNIA | 2,319 | 9.4 | |
| 8 | Retirement Advisors of America > ADDISON, TEXAS | 1,921 | 24.3 | 7 |
| 9 | Budros, Ruhlin & Roe > COLUMBUS, OHIO | 1,857 | 12.5 | |
| 10 | Heritage Investors Management > BETHESDA, MARYLAND | 1,724 | 21.9 | |
| 11 | Palladium Registered Investment Advisers > NORFOLK, VIRGINIA | 1,665 | 17.6 | |
| 12 | JMG Financial Group > OAK BROOK, ILLINOIS | 1,631 | 11.5 | |
| 13 | Badgley Phelps Investment Managers > SEATTLE | 1,577 | 9.6 | |
| 14 | TCI Wealth Advisors > TUCSON, ARIZONA | 1,529 | 25.5 | 3 |
| 15 | MDE Group > MORRISTOWN, NEW JERSEY | 1,494 | 6.4 | |
| 16 | Parsec Financial Management > ASHEVILLE, NORTH CAROLINA | 1,460 | 23.4 | |
| 17 | Destination Wealth Management > WALNUT CREEK, CALIFORNIA | 1,414 | 16.2 | |
| 18 | Accredited Investors > EDINA, MINNESOTA | 1,341 | 23.8 | 10 |
| 19 | Barrett Asset Management > NEW YORK | 1,316 | 21.7 | |
| 20 | Resource Consulting Group > ORLANDO, FLORIDA | 1,262 | 25.2 | 4 |
| 21 | Northeast Investment Management > BOSTON | 1,237 | 20.6 | |
| 22 | Chesley, Taft & Associates > CHICAGO | 1,236 | 16.3 | |
| 23 | Sage Financial Group > WEST CONSHOHOCKEN, PENNSYLVANIA | 1,210 | 9.1 | |
| 24 | Retirement Income Solutions > ANN ARBOR, MICHIGAN | 1,199 | 25.6 | 2 |
| 25 | Salem Investment Counselors > WINSTON-SALEM, NORTH CAROLINA | 1,192 | 11.9 | |
| 26 | Frontier Investment Management > DALLAS | 1,189 | 19.0 | |
| 27 | McQueen, Bair & Associates > BETHESDA, MARYLAND | 1,135 | 10.6 | |
| 28 | Montag > ATLANTA | 1,133 | 21.2 | |
| 29 | Capstone Financial Advisors > DOWNERS GROVE, ILLINOIS | 1,111 | 22.1 | |
| 30 | Brightworth > ATLANTA | 1,078 | 20.3 | |
| 31 | Crestwood Advisors > BOSTON | 1,035 | 12.6 | |
| 32 | HHG > DARIEN, CONNECTICUT | 1,024 | -3.5 | |
| 33 | Parsons Capital Management > PROVIDENCE, RHODE ISLAND | 1,016 | 14.0 | |
| 34 | Emery Howard Portfolio Management > SAN MATEO, CALIFORNIA | 1,009 | 16.7 | |
| 35 | Yale Capital > ST. PETERSBURG, FLORIDA | 1,002 | 12.2 | |
| 36 | Balentine > ATLANTA | 995 | 9.1 | |
| 37 | Guyasuta Investment Advisers > PITTSBURGH | 984 | 14.9 | |
| 38 | Highline Wealth Management > ROCKVILLE, MARYLAND | 932 | 23.9 | 9 |
| 39 | Twin Focus Capital Partners > BOSTON | 877 | 3.1 | |
| 40 | TrueWealth > ATLANTA | 861 | 13.0 | |
| 41 | Private Ocean > SAN RAFAEL, CALIFORNIA | 847 | 15.8 | |
| 42 | Durbin Bennett Private Wealth Management > AUSTIN, TEXAS | 844 | 1.0 | |
| 43 | Heritage Financial Services > WESTWOOD, MASSACHUSETTS | 837 | 14.3 | |
| 44 | Affiliated Private Investors > WEST PALM BEACH, FLORIDA | 833 | 12.6 | |
| 45 | GHP Investment Advisors > DENVER | 807 | 24.2 | 8 |
| 46 | Abacus Planning Group > COLUMBIA, SOUTH CAROLINA | 804 | 13.2 | |
| 47 | New England Private Wealth Advisors > WELLESLEY, MASSACHUSETTS | 794 | 44.8 | 1 |
| 48 | Albion Financial Group > SALT LAKE CITY | 793 | 20.7 | |
| 49 | Tanglewood Wealth Management > HOUSTON | 792 | 10.3 | |
| 50 | Resource Management > METAIRIE, LOUISIANA | 745 | 3.0 | |

*AUM includes discretionary assets that an adviser can use to buy and sell securities and make other investments. Source: Bloomberg

THE RISE OF THE

by
MARGARET
COLLINS

INDEPENDENTS

WETHERBY ASSET MANAGEMENT, WHICH
MANAGED \$3.5 BILLION IN 2013, LEADS OUR RANKING OF REGISTERED
INVESTMENT ADVISERS—FIRMS THAT ARE GAINING GROUND ON BROKERS.



Debra Wetherby started her independent advisory firm in 1990 with 10 clients.

> **WHEN DEBRA WETHERBY STARTED**

her investment advisory firm in 1990, she was 32, just married and had less than \$50,000 of capital. She plunged into an emerging industry of advisers who run their own businesses rather than operating inside big brokerages such as Morgan Stanley, which she'd left in 1988. With 10 clients betting on her, working without a salary and living on credit cards, she rented an office on San Francisco's Sansome Street and gave herself a deadline: make money in three years.

Today, Wetherby Asset Management leases the entire eighth floor of a financial-district high-rise adorned with toga-wearing female statues dubbed the corporate goddesses. From this perch and another office in Manhattan, the firm serves about 500 families who generally have at least \$10 million to invest. That added up to \$3.5 billion in 2013, lifting Wetherby's firm to No. 1 in *Bloomberg Markets'* first ranking of independent registered investment advisers, or RIAs, based on the assets they manage.

Few people knew the term *RIA* when Wetherby started. Now, the field is on a tear. "In hindsight, it looks very prescient," Wetherby, 56, who's the chief executive officer, says. "It really was more about serving clients a certain way."

RIAs are required to put customers' interests first and usually earn a fee on assets under management. Brokers, who often call themselves advisers, only have to

HAIR AND MAKEUP: RAINIA ANTLE

PHOTOGRAPH BY AMANDA FRIEDMAN

recommend investments that are suitable and can make commissions from products their firm sells. Some financial professionals register as advisers and brokers.

The Dodd-Frank financial overhaul spotlighted the differences at the same time a wave of baby boomers were seeking help making their money last. "It's been a continuous growth cycle for RIAs over the past seven years because of the complexity of markets and changing needs of clients," says Bernie Clark, head of adviser services at Charles Schwab Corp. Schwab holds more than \$1 trillion in assets for about 7,000 independent RIAs, which amassed \$60 billion in new money in 2013.

The *Bloomberg Markets* ranking includes RIAs registered with the U.S. Securities and Exchange Commission that reported that more than 75 percent of their clients have high net worth, meaning they have \$2 million in net worth or \$1 million with the adviser. We excluded those who take commissions or are affiliated with a bank, insurer or other financial firm.

The more than 20,000 independent RIAs in the U.S. have gained market share among wealth managers every year since 2007, increasing their assets 82 percent to \$2.3 trillion from 2007 to 2013, Boston-based research firm Aite Group LLC says. In contrast, client assets at the largest retail brokerages rose 8.2 percent to \$6.2 trillion in the same period.

"The RIA field appeals to both the best and the worst instincts of financial professionals," says Barbara Roper, director of investor protection at the Consumer Federation of America. She says the RIA model reduces conflicts of interest, though these advisers can have less federal oversight and fewer licensing requirements. Some, such as Wetherby, are certified financial planners and analysts.

New England Private Wealth Advisors LLC grew the fastest among the top 50. The firm, based in Wellesley, Massachusetts, boosted assets 44.8 percent to \$794 million in the year ended on Dec. 31, 2013. CEO Ira Rapaport, 51, says the firm serves about 200 customers who generally have at least \$2 million to invest.

TOP 50 REGISTERED INVESTMENT ADVISERS

| | FIRM NAME > MAIN OFFICE LOCATION | AUM, IN MILLIONS* | YOY % CHANGE | RANK YOY % CHANGE |
|----|--|-------------------|--------------|-------------------|
| 1 | Wetherby Asset Management > SAN FRANCISCO | \$3,503 | 8.4 | |
| 2 | Bartlett > CINCINNATI | 3,210 | 12.3 | |
| 3 | Evanson Asset Management > CARMEL, CALIFORNIA | 3,168 | 18.4 | |
| 4 | RegentAtlantic > MORRISTOWN, NEW JERSEY | 2,878 | 24.9 | 6 |
| 5 | R.M. Davis > PORTLAND, MAINE | 2,825 | 25.0 | 5 |
| 6 | Dowling & Yahne > SAN DIEGO | 2,758 | 17.8 | |
| 7 | Atherton Lane Advisers > MENLO PARK, CALIFORNIA | 2,319 | 9.4 | |
| 8 | Retirement Advisors of America > ADDISON, TEXAS | 1,921 | 24.3 | 7 |
| 9 | Budros, Ruhlin & Roe > COLUMBUS, OHIO | 1,857 | 12.5 | |
| 10 | Heritage Investors Management > BETHESDA, MARYLAND | 1,724 | 21.9 | |
| 11 | Palladium Registered Investment Advisors > NORFOLK, VIRGINIA | 1,665 | 17.6 | |
| 12 | JMG Financial Group > OAK BROOK, ILLINOIS | 1,631 | 11.5 | |
| 13 | Badgley Phelps Investment Managers > SEATTLE | 1,577 | 9.6 | |
| 14 | TCI Wealth Advisors > TUCSON, ARIZONA | 1,529 | 25.5 | 3 |
| 15 | MDE Group > MORRISTOWN, NEW JERSEY | 1,494 | 6.4 | |
| 16 | Parsec Financial Management > ASHEVILLE, NORTH CAROLINA | 1,460 | 23.4 | |
| 17 | Destination Wealth Management > WALNUT CREEK, CALIFORNIA | 1,414 | 16.2 | |
| 18 | Accredited Investors > EDINA, MINNESOTA | 1,341 | 23.8 | 10 |
| 19 | Barrett Asset Management > NEW YORK | 1,316 | 21.7 | |
| 20 | Resource Consulting Group > ORLANDO, FLORIDA | 1,262 | 25.2 | 4 |
| 21 | Northeast Investment Management > BOSTON | 1,237 | 20.6 | |
| 22 | Chesley, Taft & Associates > CHICAGO | 1,236 | 16.3 | |
| 23 | Sage Financial Group > WEST CONSHOHOCKEN, PENNSYLVANIA | 1,210 | 9.1 | |
| 24 | Retirement Income Solutions > ANN ARBOR, MICHIGAN | 1,199 | 25.6 | 2 |
| 25 | Salem Investment Counselors > WINSTON-SALEM, NORTH CAROLINA | 1,192 | 11.9 | |
| 26 | Frontier Investment Management > DALLAS | 1,189 | 19.0 | |
| 27 | McQueen, Ball & Associates > BETHLEHEM, PENNSYLVANIA | 1,135 | 10.6 | |
| 28 | Montag > ATLANTA | 1,133 | 21.2 | |
| 29 | Capstone Financial Advisors > DOWNERS GROVE, ILLINOIS | 1,111 | 22.1 | |
| 30 | Brightworth > ATLANTA | 1,078 | 20.3 | |
| 31 | Crestwood Advisors > BOSTON | 1,035 | 12.6 | |

THE RISE OF THE INDEPENDENTS

Wetherby's largest family, whom she declines to identify, has about \$400 million invested. Annual fees start at 75 basis points. They drop to 15 basis points if the assets managed exceed \$80 million. (A basis point is 0.01 percentage point.) Wetherby, who got her MBA from the University of California at Berkeley, won't discuss returns. She says the firm tailors investments to clients, so there are no averages.

Wetherby puts in 10-hour-plus days. She says her 56 employees voted on installing low-rise cubicles so they could see each other. She chose a desk with an attached treadmill to exercise while reading or listening to conference calls.

Most days, she'll review trades and meet with at least one family on investments or tax planning. For major decisions, she assembles an eight-person committee that includes herself and seven senior employees. She called a meeting on Oct. 15, when the Dow Jones Industrial Average tumbled and the yield on 10-year U.S. Treasuries dropped below 2 percent. That day, the firm had planned to reinvest money pulled from the Pimco Total Return Fund after Bill Gross, manager of the bond fund, left Pacific Investment Management Co. in September for Janus Capital Group Inc. Instead, it waited until markets calmed.

Saul Feldman is one of Wetherby's original clients. He met her at Morgan Stanley in the 1980s, when he was an executive at General Parametrics Corp. and the bank helped take the technology company public. Feldman, 84, became CEO of HealthAmerica Corp. of California and later United Behavioral Health.

Feldman says he appreciates Wetherby's steady hand. She's guided his family

TOP 50 REGISTERED INVESTMENT ADVISERS

| | FIRM NAME > MAIN OFFICE LOCATION | AUM, IN MILLIONS* | YOY % CHANGE | RANK YOY % CHANGE |
|----|--|-------------------|--------------|-------------------|
| 32 | HHG > DARIEN, CONNECTICUT | \$1,024 | -3.5 | |
| 33 | Parsons Capital Management > PROVIDENCE, RHODE ISLAND | 1,016 | 14.0 | |
| 34 | Emery Howard Portfolio Management > SAN MATEO, CALIFORNIA | 1,009 | 16.7 | |
| 35 | Yale Capital > ST. PETERSBURG, FLORIDA | 1,002 | 12.2 | |
| 36 | Balentine > ATLANTA | 995 | 9.1 | |
| 37 | Guyasuta Investment Advisors > PITTSBURGH | 984 | 14.9 | |
| 38 | Highline Wealth Management > ROCKVILLE, MARYLAND | 932 | 23.9 | 9 |
| 39 | Twin Focus Capital Partners > BOSTON | 877 | 3.1 | |
| 40 | TrueWealth > ATLANTA | 861 | 13.0 | |
| 41 | Private Ocean > SAN RAFAEL, CALIFORNIA | 847 | 15.8 | |
| 42 | Durbin Bennett Private Wealth Management > AUSTIN, TEXAS | 844 | 1.0 | |
| 43 | Heritage Financial Services > WESTWOOD, MASSACHUSETTS | 837 | 14.3 | |
| 44 | Affiliated Private Investors > WEST PALM BEACH, FLORIDA | 833 | 12.6 | |
| 45 | GHP Investment Advisors > DENVER | 807 | 24.2 | 8 |
| 46 | Abacus Planning Group > COLUMBIA, SOUTH CAROLINA | 804 | 13.2 | |
| 47 | New England Private Wealth Advisors > WELLESLEY, MASSACHUSETTS | 794 | 44.8 | 1 |
| 48 | Albion Financial Group > SALT LAKE CITY | 793 | 20.7 | |
| 49 | Tanglewood Wealth Management > HOUSTON | 792 | 10.3 | |
| 50 | Resource Management > METAIRIE, LOUISIANA | 745 | 3.0 | |

*AUM includes discretionary assets that an adviser can use to buy and sell securities and make other investments. Source: Bloomberg

through financial ups and downs—and preserved their capital. Now, Wetherby is helping to transfer Feldman's wealth to his sons and grandchildren. She says her firm's advice revolves around such goals. "It's not

about the money," she says. "It's about what you want money to do for you in your life."

Margaret Collins covers personal finance at Bloomberg News in New York. mcollins45@bloomberg.net With assistance from MaryAnn Busso and Judith Sjo-Gaber of Bloomberg Rankings.

HOW WE CRUNCHED THE NUMBERS

Bloomberg Markets ranked active U.S. registered investment advisers that

provide financial planning services based on the data they reported to the Securities and Exchange Commission as of June 2, 2014. We used filings as of June 3, 2013, for year-over-year comparisons.

The ranking excludes firms that operate as or are affiliated with broker-dealers, banks or thrifts, trust or insurance companies or firms with employees who are registered repre-

sentatives of broker-dealers. We also excluded firms that take commissions, sell financial products or operate as real estate agents, lawyers, insurance brokers or accountants. We did not consider multifamily offices.

Our RIAs obtained more than 75 percent of their assets under management from high-net-worth individuals. They got up to 25 percent of those assets from any of the following sources:

investment and business development companies, pooled investment vehicles, pension and profit-sharing plans, charitable organizations, corporations or other businesses, state or municipal government entities, other investment advisers or investors that the RIAs described in their filings as "other."

Bloomberg Rankings
rankings@bloomberg.net