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The RIA Giants: \$124B in assets and counting

Despite scant 0.4% asset growth in second quarter, the 50 largest registered-investment-advisory firms are optimistic

By **Charles Paikert**
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Assets managed by the 50 largest registered-investment-advisory firms grew by a barely perceptible 0.4% during the second quarter, according to research conducted by RIA Database of Wayne, Pa., for InvestmentNews.

At these 50 RIAs, total assets increased slightly to \$124.4 billion June 30, from \$123.9 billion at the end of March, while discretionary assets edged up to \$102.6 billion, from \$102.2 billion.

The ranking of the top ten RIA firms remained the same, led by Veritable LP of Newtown Square, Pa., which had \$7.6 billion in discretionary assets at the end of June. Silvercrest Asset Management Group LLC of New York, which had \$5.8 billion in discretionary assets at the end of the second quarter, remained in the No. 2 spot.

Executives of both firms stressed that their emphasis on working closely with clients after the financial markets collapsed one year ago allowed them to build stronger relationships.

“We’ve talked a lot with clients, and we try to continuously clarify the approximate level of risk of each one,” said John Scuteri, a Veritable partner and its chief operating officer.

The firm reported 2,415 discretionary clients for the second quarter.

“This business is about giving clients your best thinking in a way that reflects that you understand that it’s their money, and not your money,” said G. Moffett Cochran, Silvercrest’s chairman and chief executive. “The client has to be comfortable with the advice they’re receiving.”

Silvercrest reported 2,310 discretionary clients June 30.

The market shakeout and problems at large Wall Street firms have attracted an unusually large number of prospective clients, according to the executives.

“We’ve seen a lot of prospective clients this year, more than I can remember in the recent past,” Mr. Scuteri said. “They’re being very thoughtful and thorough in their due diligence, which is taking longer than usual. But that’s a good thing, because they have a higher degree of confidence if they do become clients.”

Mr. Cochran also noted a “surge” in prospects.

“People have been disappointed with the [investment] performance they’ve seen, and they also feel

they weren't getting the service and responsiveness they felt they were entitled to," he said.

Luminous Capital LLC of Los Angeles was one of the fastest-growing firms among the top 50 RIAs, increasing its discretionary assets 73% to \$2.6 billion, from \$1.5 billion at the end of the first quarter.

"Their growth has been very impressive," said Julie Cooling, founder and chief executive of RIA Database.

SCS Capital Management LLC of Boston also drew praise from Ms. Cooling, who noted the firm placed third on the top 50 list, with \$5.6 billion in discretionary assets and only 104 discretionary clients.

Investment banker Steven Levitt, managing director and co-founder of Park Sutton Advisors LLC in New York, agrees.

"They have grown the business aggressively in a matter of just a few years and have provided a counter-example to those who say a high-net-worth business is inherently slow to grow," said Mr. Levitt, who expects to see continued growth from SCS and other emerging independents in the second half of the year, reflecting the stock market's recovery.

Boutique asset managers with "solid reputations" and \$1 billion or more in assets are particularly poised to benefit, "given clients' desire for high-level service and stability," he stated. "They will also benefit from the tarnished reputations of the wirehouses and many banks."

Independents are also poised to take advantage of the "enormous disruption" in the advisory industry in the second half of the year, Mr. Cochran said.

"If we can convert the meetings we're now having into actual clients, what's happened may prove in hindsight to be a wonderful opportunity for us," he said.

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