



Finding the right match

In the final edition of the 10 Truths about Money, the last truth is TRUTH itself. What is the truth about how your money is being managed, and what the truth is about the people who you are dealing with. Over the past couple months we have started to see more and more television shows surrounding investment scams/fraud, and one consistent theme we noticed was the utter lack of relationship and exploration that went into those who were “selling” such products. We’ve heard the lines, “a family member just made a ton of money with them, and I didn’t want to miss out”, and “I had a funny little feeling, but I was making money.” We have a saying around our office; “The truth will always come out”, and when working with the right people, truth will quickly become a common practice.

Just like any other major decision in life, research

before you buy. Many have asked us why it is so important to the time to look for a Wealth Manager when it is so easy to run to the local bank or XYZ financial company or even just open an account online. Our simple answer here is **RELATIONSHIP**. Having someone manage your money and provide sound advice is a huge step. This means that trust must be present and a good open communication must exist. Another little saying we here is, “Be wary of those who sell products rather than find solutions.” It is your money, so the strategies should solely focus on you and nobody

else. In light of today’s unrest, we also want to make sure that the person you decide to work with is credible and maintains the diligence to constantly have your best interest in mind.

The best way to start your selection process of a good Wealth Manager is to ask questions. Below are a few questions you may want to consider asking during the vetting stage prior to working someone. We took some time to answer these ourselves, and thought that we would share those answers with you today.



Consultative Approach:



1. Describe your process for meeting with clients, from the initial conversation onward.

“Our clients always come first. Once we have established a time to meet, we will send a message out on how to prepare for your first meeting. This allows all the guess work out and we can begin on discussing our roles and expectations as a client and wealth manager. We will go over our areas of specialty, which are Income Strategies and Alternative Strategies, and how we wrap our knowledge around what the client may already have in their portfolios. We would normally touch on points of goals for now and later. What their past strategies are and what they are looking to accomplish moving forward. This is the time where we get to understand what our clients want and to assess whether or not we would be a good fit. Once the discussion completes, we provide a proposal and discuss next steps within the next 24 hours.”

Discovery Process:



2. What is your process for discovering and assessing my goals and objectives relative to my current position?

“Discovering and assessing goals are never easy tasks. There may be times when we will need to say that the goals set forth can be difficult to reach or a little unrealistic. Our plan is to help them retire comfortably, and through a deep discussion about the plans on how to achieve these goals we gain further insight into how additional needs. Sometimes we notice that individuals may not understand their current strategies on how to reach their goals because they were given very little information along the way or that they never really understood it in the first place. We like to take a hands-on approach and truly build a relationship rather than just feed information. “



3 How do you determine the rate of return on my investments?

“The rate of return is analyzed differently from typical wire-houses and advisors throughout the industry. Some may calculate it as the total return after any given period of time. Others may say the return is what you receive after all expenses to be in a particular investment. At Macian, we focus more on your return after your fees and taxes. We believe this your real rate of return and more beneficial when it comes to investment decisions and planning.”



4. How do you evaluate my tolerance for risk in pursuit of my goals?

“Discovering risk tolerance is a difficult area to master with clients. There is a lot of gray area which navigates throughout this topic. Many times clients may feel that they are more aggressive than

they really are those who believe they are extremely conservative who “roll the dice” every change they get. Trying to match risk by asking 20 questions about how you may feel about an investment idea or the way the market moves may not always give us the full picture.

Understanding this, we like to take it one step further and see how our clients actually live day by day. What sports do they play? How do they drive on the freeway? How do they react in time constraints? This will give us a stronger picture on risk tolerance and provide a more accurate decision on how they may want to invest.”



5. Do you use modern portfolio theory to design efficient portfolios that provide the highest possible return for a given risk level?

“The simple answer is yes. This is one of many methods that we use to help determine the creation of your individual portfolio. What is even more important is, ‘What exactly is Modern Portfolio Theory?’ This is a theory of investment which attempts to maximize a portfolio’s expected return for a given amount of risk in a portfolio by carefully choosing the proportions of

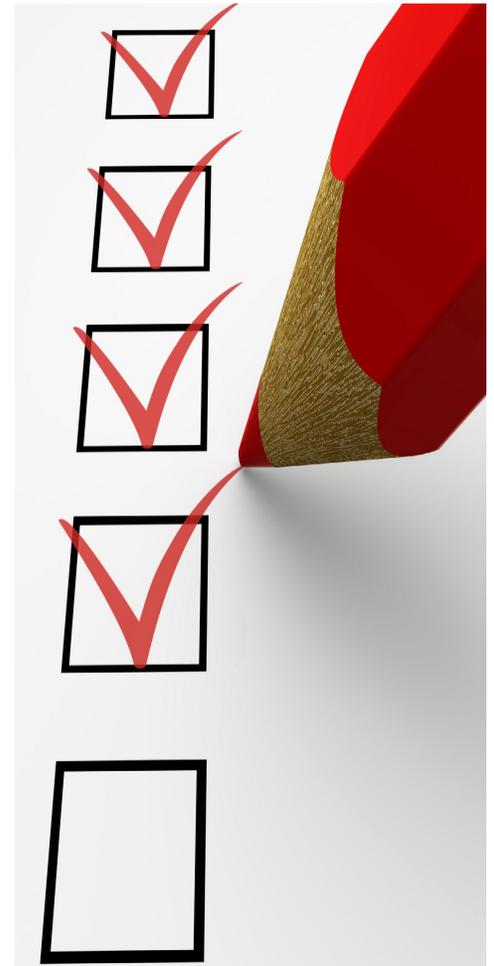
various assets. This is a mathematical formula for diversification which makes sense because it collectively spreads out the risk within a portfolio. What we also do, is couple this with our company’s proprietary theories, philosophies, and strategies to help enhance the Modern Portfolio Theory to take it one step further. The theory only works within a given portfolio and can only reduce risk by the investment positions properly introduced, so at Macian, we test several portfolios to help add or subtract certain positions to minimize the risk and create larger returns.”



6. Who makes the asset allocation and manager selection decisions for your clients?

“All of our asset allocation and manager selections are picked in house by our team of professionals. Each of our clients has a portfolio specially built and made only for them, so no two clients may have the exact portfolio. To us this makes complete sense as everyone has their own dreams and goals that they want to accomplish. Before any selection is made, we go through an extensive due diligence process to get to know any outside managers, especially within our private

alternative sectors. We have a team that works closely with outside opportunities and a due diligence process that may take up to several weeks to complete. We prefer to be able to meet the executives face to face and have a strong understanding of where their vision is before allowing our clients to participate.”





These are just some of the important questions you should ask any advisor before working with them to make sure that it matches what you believe in. Most importantly, we believe that the relationship must be there, yes it is still all business, but you need to be able to trust whoever you are working with. The more you dig, the more you will get to know the company and the person you are working with and should be comfortable about who is managing your money.

Not all money management firms are created equal. The most simple of rules is to ask the person what are their

minimum investment requirements and why. Some get to talk to an advisor to only find out that they do not qualify. Also ask about what types of products they have and how can those investments suit your needs. Make sure that they truly understand how it can perform in your portfolio before purchasing it, remember, it is not always about the sales. Make sure that the person you are working with works for you and cares about you and your goals.



Sincerely,

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