Investment Consulting and Its Evolving Role in Advising Family Offices

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The rise of "insti-viduals"—individuals whose needs are virtually institutional in their complexity—means that the demand for investment consultants is likely to grow. But it also means that consultants must meet the requirements of ever more sophisticated clients. Indeed, the key to success for consultants may be the ability to differentiate themselves not through quantitative performance but through the qualitative aspects of the services they provide.

More and more family offices are relying on investment consultants to provide a variety of services, from investment plan development and asset allocation to manager selection, performance measurement, and more. The impetus behind this presentation was a posting that was made to the "member channels" of the website for the Institute for Private Investors (IPI), a noncommercial consortium of wealthy families and advisors.[1] Based in New York City, IPI has between 200 and 300 members, approximately 40 percent of whom have $200 million or more in assets. The following comment struck a particular chord with me and led to a rather lengthy "e-mail thread" on the member channels:

> *Most of my colleagues at the IPI with whom I am friendly do not use advisors/consultants for one or more of the following reasons. I would very much appreciate any comments on these reasons:*
> - *lack of value added,*
> - *lack of "wattage,"*
> - *not being "on the line," and*
> - *lack of candor in advising.*

This comment brings to mind the old saying, "Other than that, Mrs. Lincoln, how was the play?" It prompted much discussion within my firm (and, I am sure, at other consulting firms) as to how we can prove our worth. To that end, I will discuss several important trends that are making the investment consulting business more vital than ever before. In addition, I will list the attributes that consultants should bring to the table, illustrated by our perspective at Lydian. In particular, consultants' value added can be discerned by their clients through the manager's selection process that the consultants follow and the consultants' performance reporting capabilities. Finally, although identifying the right consultant is not easy, I will offer some suggestions on how a family office might go about finding the best consultant for its needs.

Industry Trends

A generally accepted hypothesis is that asset allocation and discipline in adhering to an investment plan are the greatest contributors to long-term investment success. In my view, a number of trends in the private wealth management industry are making consultants instrumental in achieving these goals. As long as consultants can prove to their clients that they are doing a good job designing allocations and maintaining discipline, they should be able to justify their fees.

In the words of Dr. Alan Starkie (a consultant specializing in placing business development officers and client relationship managers for high-net-worth-focused firms), wealthy families are "*insti-viduals*"—

[1]The channels, available only to members of the IPI, can be accessed at www.memberlink.net.

Editor's note: Lydian Wealth Management was formerly CMS Financial Services.

individuals who have institutional needs in terms of complexity and sophistication.[2] As a result, more of these families are forming family offices, more family offices are starting or joining multifamily offices (MFOs), and more family offices and MFOs are looking to outsource expertise—all of which bodes well for the investment consulting business.

Family Offices. Many families retain extraordinary wealth, despite the recent market downturn, and many of them are forming or have formed family offices. According to recent data, the number of families with intergenerational wealth is growing at 12 percent a year and more than 3,500 dedicated family offices now exist in the United States.[3] Furthermore, based on IPI's annual survey of member families, the percentage of respondents who have a family office rose from 62 percent in 1999 to 80 percent in 2000 (the most recent data available).[4]

Alternative Advice. Families are not only more willing to form family offices; they are also more likely to seek advice from alternatives to such traditional service providers as banks, trust companies, and brokerage firms. The reasons for this transition are numerous and include the following:

- *Perceived conflicts of interest*. Media reports about conflicts of interest between the research and investment banking divisions at major brokerage firms have been discouraging.
- *Captive product mix*. Many firms claim to offer a broad mix of investment alternatives to their clients through an "open architecture" platform but do not.
- *Constant acquisitions*. Constant acquisitions tend to create uncertainty and a lack of continuity within an organization, both of which make clients uncomfortable.
- *High turnover rate*. The turnover rate for those involved in relationship management is high in the corporate world. The problem is that just as someone becomes adept at understanding client needs, he or she moves on to a different job, either within the same organization or with a rival firm.
- *Poor investment performance*. Poor investment performance is one of the main reasons clients are seeking alternatives to traditional service providers. More than any single factor, the recent market downturn has focused investors' attention on the suboptimality of using only captive or internal asset managers.
- *Wrong business model*. The salesman/portfolio manager model—whereby a business development officer gathers clients and assets while a portfolio manager manages the assets and serves as the primary contact for clients—has not proven to be successful. When clients have questions or concerns, especially in times of poor market performance, portfolio managers may not be the best professionals to turn to for answers. (Put less delicately, the very characteristics and personalities that make someone a good portfolio manager often make that same person a less than optimal contact point for concerned clients.) According to some independent studies, a relationship manager/support team model is better in terms of both gathering assets and retaining clients.[5] A relationship manager remains with a client throughout the investment decision-making process and maintains knowledge of the client's investment needs and preferences. A team of specialists in such areas as portfolio management, concentrated wealth, trusts and estates, and accounting provides the necessary support. The previously mentioned surveys indicate that clients much prefer this business model, as they have a consistent contact person who understands their needs and objectives and who can bring to bear the necessary experts within the organization to address specific needs.
- *Sellers of products*. Many clients perceive traditional service providers as sellers of (often captive) products rather than trusted providers of advice.

Outside Consultants. As another indication of a trend toward the use of consultants, according to IPI member surveys, the number of families retaining outside consultants increased from 35 percent in 2001 to 42 percent in 2002.[6] A majority of families still do not use consultants, but survey respondents are, by definition, self-selected, so the results need to be viewed in context. I suspect we will see an increase in the use of outside consultants as the following factors come into play:

- *Buy-or-build decision*. When high-net-worth investors form family offices, a decision has to be made whether to "buy" the necessary support structure (i.e., enlist outside experts) or to build it internally.

[2] Alan Starkie, "The Myth of the Million Dollar Revenue Producer," *Private Asset Management* (4 February 2001).

[3] Based on data from the Merrill Lynch/Gemini Consulting *World Wealth Report 2000* (www.foxexchange.com/public/fox/news/industry_trends/world_wealth_report_2000.pdf) and the Family Office Exchange (www.familyoffice.com).

[4] IPI Year 2000 Member Profile Survey. This survey is available only to members of IPI and can be accessed at www.memberlink.net.

[5] Based on data from studies conducted by Tiburon Strategic Advisors and the Creating Equity Group. These surveys can be accessed at www.tiburonadvisors.com and www.cegworldwide.com.

[6] IPI Year 2002 Member Profile Survey. This survey is available only to IPI members and can be accessed at www.memberlink.net.

Buying the support structure through a consultant is often the best choice. Building the structure can be quite a lengthy and expensive process. For example, it has taken Lydian 10 years to build the business we now have.

■ *Generational changes*. As generational changes occur within families, family members may become less attached to their historical providers of advice and less interested in directly managing their assets. If the third, fourth, or sixth generation has no interest in running a family office or even being a part of it, then hiring a consultant is an obvious alternative.

■ *Acquisitions*. Consider some noteworthy events of the past few years: SunTrust Bank acquired Asset Management Advisors, Wilmington Trust Corporation acquired Balentine & Company, and Atlantic Trust Group acquired Pell Rudman & Company (prior to being acquired itself by Invesco). All of the acquired firms were independent investment consulting and wealth management firms prior to being bought. These are just three examples of a trend in which more and more trust companies seem to be acquiring consulting firms. One possible explanation for these acquisitions is that the trust companies—all of which had historically captive investment management products—realized the "flight risk" associated with younger beneficiaries who are seeking the optimal (i.e., objective) investment solution. Given the choice of building a business internally or buying one, buying one made more sense. As an alternative to the acquisition model, however, I will note that Lydian has successfully partnered with several regional bank and trust companies that sought to expand their wealth management offering without necessarily acquiring another company.

■ *Specialization*. No firm can possibly excel in all areas. Yet, some firms that brand themselves as MFOs attempt to position themselves as being capable of providing "best-of-breed" performance across multiple services: investment management, wealth management, and family office services (such as tax return preparation, accounting, and record keeping), which implies they can perform these services better than an outsourced solution. True consulting, however, entails relying on specialists—the best providers for whatever the service may be—rather than maintaining all services in-house.

■ *Lack of omniscience*. People often ask whether the past three years have been difficult with respect to maintaining existing client relationships and developing new ones. The answer, at least for Lydian, is no. The past three years were not nearly as difficult as the period from 1996 to 1999, when many investors, confusing a bull market for investment brilliance, thought they did not need professional assistance. Over the past three years, however, the concepts of objectivity, discipline, diversification, and asset allocation have regained popularity, which has been good for the consulting business.

■ *Independent expertise*. Clients have come to recognize the need for independent expertise and access to the "best and brightest."

■ *Improved technology*. Technological advances have made "virtual" family offices a reality. Family members can communicate directly with each other and run a successful operation without having to be in the same location.

MFOs. More families are either joining or forming MFOs. They are being launched by both individual family offices and institutional firms (banks and brokerages)[7] for a variety of reasons:

■ *Outside investors and profitability*. As more families start hedge funds internally, discover hedge funds, or create funds of funds within their own family offices, they find they can attract new clients with this expertise and increase profitability.

■ *Economies of scale and cost reduction*. Another driver has been the need to contain costs. Sometimes, a family office's fixed costs are too high to efficiently serve only its dedicated family. Accepting additional clients allows the office to leverage its structure and hired expertise, reducing the dedicated family's costs.

■ *Consolidated buying power*. Consolidated buying power allows consultants to negotiate better deals for their clients. The goal is to have large firms treat all clients of a firm as one big client. Placing $500 million in collective assets with one manager, for example, should reduce costs for all of the individual clients that make up that $500 million.

■ *Threat of stagnation*. MFOs can help individual family offices retain and attract top talent. Often, once the investment plan is in place and the portfolio is implemented, talented managers get bored. Opening the doors to other families creates new challenges, which create a more dynamic workplace.

What Consultants Should Bring to the Table

To meet the demands of these trends, consultants need to offer objectivity, expertise, discipline, access (to managers who might otherwise be off-limits and to reduced investment minimums), education, and

[7] For more information on the involvement of banks and brokerages, see "Family Office Roundtable," *Private Asset Management* (17 September 2001).

service. The most critical component is service, but everything a consultant does should be driven by all six characteristics.

An issue that arises, however, is how to measure a consultant's performance. Consultants, after all, are not sellers of products but rather providers of advice. How can they prove they are adding value and providing "wattage"? How can they demonstrate to clients that they are "on the line" with respect to results and being candid in their advice? To answer these questions, I have identified two tangible (i.e., measurable) areas in which consultants can add value: manager search and selection and performance reporting.[8]

Manager Search and Selection. If consultants can deliver a portfolio construction approach that integrates and optimizes the performance of managers and these managers consistently add alpha and offer tax efficiency and reduced fees, then consultants will be adding value and providing wattage. Therefore, when vetting managers, consultants should do the following:

- objectively and proactively monitor the universe of managers,
- provide access to any manager (not restricted to legacy, wrap, or platform managers),
- use consolidated assets to negotiate lower fees (manager, custodial, and trading) and greater access (reduced minimums and closed managers),
- evaluate return in a risk-adjusted context,
- evaluate managers using benchmarking and asset class, peer, and universe comparisons, and
- evaluate the performance of the entire portfolio as well as each individual component.

Most people in the industry would agree that the previous summary describes the baseline for competent consulting. At Lydian, investment goals and asset allocation come first in the manager selection process. In other words, the process is driven by the objectives of the investment policy. When a new client asks the classic question, "What should I do? I have $25 million and a wife and two kids," the correct answer is "I have no idea." Before recommending a particular allocation strategy, the consultant should find out the client's lifestyle needs, philanthropic goals, generational transfer issues, and so on. Moreover, even though we conduct separate manager searches for each asset class, we are careful to view the portfolio as a whole, not as a collection of individual managers. A portfolio construction approach allows us to evaluate each manager in isolation and then put together a portfolio that considers manager correlations both within and across asset classes.

Rather than trying to pick the best manager, the goal is to select the best combination of managers in terms of optimal risk–return characteristics. Manager performance should be monitored relative to benchmarks and peer groups, keeping in mind that good asset allocation combines art and science. In other words, trust the math but use common sense. For example, if a mathematical allocation model with no investment constraints was used to construct a hypothetical portfolio, the result could be a 100 percent allocation to an absolute-return hedge fund strategy because of its consistent expected return and low volatility. The math, of course, does not mirror the intuitive reasoning of an experienced advisor. Such a portfolio might be appropriate for a few clients but not for the majority.

We advocate a "core-satellite" approach because certain asset classes seem to be more efficient than others. We favor tax-sensitive indexing managers for the asset classes we deem to be efficient and active managers for those we believe are less efficient. The performance of the managers we select is far more important to us than the performance of those we do not select, no matter how stellar. We concentrate on making sure that our managers are doing the job we hired them to do. We focus on long-term results, not quarterly performance, and try to be unemotional; how much we personally like a manager does not override his or her results. Ironically, in a couple of cases, families who had long-standing relationships with managers they wanted to fire, but were uncomfortable doing so, hired us to "do the dirty work"; they hired us to fire them.

Finally, the following quantitative and qualitative factors are important in the manager selection process:

- *Quantitative factors*. On the quantitative side, look for long-term, risk-adjusted outperformance relative to the index. We take into consideration all the usual statistics, such as alpha, beta, standard deviation, Sharpe ratios, and upside and downside capture ratios. We are not interested in managers who alternate between hitting home runs and striking out. We prefer managers who hit singles and doubles year after year and consistently beat their benchmarks in both up and down years.
- *Qualitative factors*. On the qualitative side, consider how managers generated their performance (was it on the broad portfolio or because they picked one or two stocks that drove the performance?), whether they can repeat their performance, and how

[8]For more information on these topics, see Scott Welch and Jamie McIntyre, "Show Time," *Bloomberg Wealth Manager* (April 2003) and Scott Welch, "The Role of the Investment Consultant in Advising Family Offices," *Bloomberg Wealth Manager* (July 2003).

they fit with other managers in the portfolio in terms of holdings and investment style. Another important factor is whether the current team managing the assets is the same team that was responsible for the historical track record. We do not change managers often and are fairly loyal to the managers we select, but if someone who was responsible for a manager's success leaves, that manager could be fired; likewise, if a manager claims to be a value manager but includes growth stocks in a portfolio for no justifiable reason (i.e., inexplicable style drift), that manager is likely to be fired.

Other decision criteria include who owns the firm (particularly whether the manager is an owner) and how quickly the firm has grown (or not grown). We are not likely to be interested in a successful manager who has gathered a lot of assets quickly because the larger the amount of assets, the more difficult it can be to replicate historical results.

As a general rule, we tend to select boutique managers or asset class specialists more often than large multistrategy firms. Interestingly, investment management divisions of banks, brokerage firms, and insurance companies are rarely selected. And many of the best managers neither belong to a wrap program nor have any interest in being in one. They do not want to cut their fees for the sake of gathering assets. They are not necessarily interested in having billions of dollars under management. They simply want to do what they do best and make money. No single wrap program contains all the best managers, a point consultants should make when they talk to families.

Performance Reporting. Basically, consultants can prove they are "on the line" for results and being candid with respect to advice if they are managing portfolios in accordance with investment plans; exercising discipline in rebalancing and adjusting portfolios as required to bring them into alignment with the plans; providing objective results via consolidated performance reports; documenting results in a comprehensive, segmented manner; meeting with clients at least quarterly; and communicating when portfolio changes are necessary.

- *Value.* Often overlooked by consultants is the fact that the quarterly performance report is the single most tangible piece of information the client receives from the consultant. A performance report serves several purposes. It is the best tool for comparing actual performance to the original investment plan and for objectively assessing how the plan is performing. It also provides a framework for determining the factors driving portfolio performance. A good report helps to identify the need for manager changes or a re-evaluation of risk–return parameters as well as highlighting new opportunities. Performance reports are thus more than numbers on a page; they are the most tangible product a consultant has to offer.

A performance report is also the best tool for evaluating whether a consultant is adding any value with respect to discipline, costs and fees, tax management, and performance. Note that performance is last on the list. As I mentioned earlier, good performance is expected; otherwise, a consultant would not be hired in the first place. Furthermore, consultants cannot control the overall performance of the market, so focusing on performance sets false expectations as to what the consultant actually can control and diminishes the focus on those areas where they can add tangible value—taxes, costs and fees, access to managers, and overall service.

- *Format.* A comprehensive performance report should analyze all of a client's investment assets (regardless of custodian), not just those under the consultant's advisement. Clients should also be able to view the performance of each entity, as well as the family office as a whole, because a family office typically has multiple investment entities, including trusts, family limited partnerships, and cross-generational structures (i.e., the consultant should be able to deliver a performance report for any and all of the client's "composite" portfolios). For example, one of our clients is a family office with 54 family members across three family branches and about 150 trust structures. We provide quarterly reports for each of them as well as for the aggregate family portfolio.

In addition to being quarterly, reports should be as user-friendly as possible and follow a "hierarchy" that allows the investor to drill down to his or her desired level of information. We begin with a one-page portfolio summary that describes the portfolio value at the beginning of the quarter, contributions, withdrawals, fees incurred, portfolio value at the end of the quarter, and why the values changed. Many clients find that information to be sufficient (i.e., all they really want to know is how much they are worth, how much that value has changed, and why), but other clients want to know how each asset class performed or what their hedge fund exposure is. Some clients also want to know the performance of each asset style or which manager added the most value or caused the most drag. And although we do not encourage clients to ask for security-specific reporting, we can provide the data for each security that was bought or sold by each manager within the portfolio. By segmenting the performance report into these sections, our report allows clients to review areas in which they have interest, depending on their objectives, knowledge base, and level of sophistication. Note that in our performance report, the performance of individual managers is fairly low in the "drill down hierarchy." This is intentional; it is typical for individual investors to focus on how specific managers are performing rather than on their portfolios as a whole. By placing this information fairly deep into the report, we are signaling (reinforced whenever we speak with the client) that the real focus should be on how the portfolio is performing, not on any single component within that portfolio.

Most important, clients should be able to see not only how the investment plan is performing but also what is driving that performance. They should be able to compare the portfolio results with the plan that was originally developed to see the sources of any deviation and whether they are temporary or permanent. They need to decide whether any adjustments are needed to bring the portfolio back in line with the plan. Each manager's performance should therefore be reported net of fees, relative to benchmarks, relative to peers, and relative to weighted-index results to determine how much alpha is being added. (After-tax performance is also important but is beyond the scope of this presentation.) Reconciliation of all cash inflows and outflows should be clear because clients often lose track of how much money they are withdrawing to finance their lifestyle. Finally, time- and dollar-weighted returns should appear on the report for multiple time periods (quarterly, year-to-date, three-year, five-year, and since inception).

Identifying the Right Consultant

Identifying the right consultant is not easy for families. The problem is that most competent consultants offer similar core services—investment plans, asset allocation recommendations, portfolio construction, manager search and selection, and performance reporting (although not all offer consolidated reporting on all investments)—and generate similar investment results for a given level of risk over a reasonable time horizon. Thus, distinguishing one consultant from another by focusing solely on performance is difficult.

One solution is to differentiate among consultants according to the services they offer. The best consultant for a specific family office is the one that offers the specialized services best matched to the family's needs. For example, in addition to core investment management products, a family might want a specialist in concentrated wealth strategies, consolidated performance measurement, trust services, or alternative investments. Families should also consider the other services a consultant can provide, such as consolidating management fees, managing tax liability, or providing reduced investment minimums and access to managers who would not be available otherwise. Once the family determines its specific needs and goals, it can make decisions accordingly and identify the most appropriate consultant.

One of the most difficult challenges facing true consultants is in differentiating themselves and breaking through the "noise" of other, larger firms that claim to offer independent and objective advice but really do not. A family office should be highly wary of advertising campaigns from organizations offering a wide array of products and should clarify whether a consultant truly offers an open architecture platform, not just on the management side but also on the full spectrum of family office services—accounting, estate planning, alternative investments, life insurance, mortgage financing, and so forth. For example, one national firm claims to be an "open architecture provider with proprietary asset class products," while another, also purporting to be an open architecture provider, claims that it will not use its own internal managers—a true case of being "reverse conflicted."

Service Differentiators. To distinguish among consultants, families should first consider which wealth management services they need, whether concentrated wealth strategies, access to collateralized lending, or creative financing strategies for such items as mortgages, luxury goods, collectibles, or travel expenses. Family office services, such as trust capabilities, bill paying, record keeping, and family governance, are also important considerations. Another distinguishing feature is whether the consultant is client centered or investment centered. A study by John Bowen, principal of the Creating Equity Group, found that during the recent market decline, investment-centered firms focused on investments, portfolio construction, manager selection, and performance improvement, whereas client-centered firms focused on communication—making sure the client understood the investment plan, fostering a client perspective that extended beyond the current market cycle, and, in essence, doing serious "hand holding" as investors faced declining portfolios.[9] Client-centered firms had a much higher client retention rate as well as greater success in attracting new clients than investment-centered firms. For firms that focus on investment results, this may be difficult to accept, but the data support it.

Segmentation. Families should be aware of how the consulting business has been segmented into various (unofficial) niches, each of which offers a

[9]This survey can be accessed at www.cegworldwide.com.

slightly different array and level of services. Some firms follow the external chief investment officer model. The historical business of such firms was the institutional market, with later expansion into the high-net-worth market. These firms typically limit their services to investment management-related areas: investment policy statements, asset allocation, portfolio construction, manager search and selection, and performance reporting.

Wealth advisory firms or wealth managers (such as Lydian) offer services that go beyond basic investment management consulting. They offer estate planning and insurance coordination, philanthropic planning coordination, wealth management (e.g., concentrated wealth strategies and access to loans), tax planning and management, and special projects management (concierge services).

MFOs frequently build on a wealth management platform by offering administrative functions, such as bill paying, cash management, tax management, and family governance.

Conclusion

The family office market is rapidly evolving, with more family offices, more MFOs, more demands on providers of services, and more outsourcing. To keep pace and take advantage of the myriad opportunities, good consultants need to differentiate themselves in the industry through their objectivity, specialized services, product and service mix, and technological sophistication. Rather than focusing on performance, they should concentrate on providing a level of service commensurate with the demands of "insti-viduals." If they fail to do this, the perception will remain that consultants lack value added and wattage, are not "on the line" for results, and are not candid in their advice.

Question and Answer Session

Scott D. Welch

Question: Why don't you choose managers from the investment divisions of banks, brokerage firms, or insurance companies?

Welch: The bottom line is that, typically, they don't meet our selection criteria. It is nothing personal. We don't care where a manager works or how he or she runs the business, as long as he or she produces good numbers.

Question: What is the Sortino ratio?

Welch: The Sortino ratio is a variation of the Sharpe ratio that was developed to differentiate between "good" and "bad" volatility. It attempts to adjust for the fact that what clients really don't like is downside volatility—they typically don't mind upside volatility at all.

Question: What is your opinion of the collapse of MyCFO?

Welch: MyCFO was a well-financed concept that was perhaps ahead of its time. As an Internet-based business, however, the bursting of the Internet bubble doomed it. The firm hired a lot of people quickly who commanded large compensation packages and wanted major responsibilities, but family office services typically are fairly low margin. People don't want to pay much for record keeping, bill paying, and tax preparation. The firm offered far more than those services, of course, but its cost structure relative to its ability to gather assets was simply not viable. When the firm was launched in 1999, a couple of our large tech clients were interested in it because they knew the founder, Jim Clark, or some of the other initial investors in the firm. But we never lost a client to MyCFO and never felt direct competition from it.

Question: Does Lydian plan to ever report, as individual managers do, a composite performance number?

Welch: We won't report composite numbers, because each allocation is unique to the client. At the family office level, unlike the institutional level, allocations vary widely. New clients frequently ask what the "typical" performance of our portfolios was for the past year, but there is no typical performance; performance depends on the individual allocation. Instead, we determine an appropriate allocation for the client and then provide either historical data or references to existing clients with similar portfolios. Clients can judge for themselves how well the managers we have selected have done. Our clients are our best marketing assets.

Question: Over a long period, do client-centered firms have better investment performance than investment-centered firms?

Welch: I don't know. The study I mentioned did not address performance, but I believe that any competent consulting firm will have good performance numbers. Some variation from year to year will occur among consultants and advisors, but if two firms reach similar conclusions about the risk tolerance, goals, and objectives of a particular client, their performance should be similar. The point made in the study is that with client-centered firms, clients have a better understanding of their overall investment plan and they're more comfortable with the process, even in periods when their portfolio has underperformed.

Question: How does Lydian provide investment performance data for noncustodied assets?

Welch: I should make it clear that we don't have a "master" custodian—our clients and managers can custody assets wherever they please. We have our preferences, but at last count, we were currently working with around 90 different custodial relationships.

About half of our staff is dedicated to our technology reporting and reconciliation group. Our preference for certain custodians is based only on a couple of criteria. First, a custodian should offer favorable custody and trading fees. Second, it should have reliable electronic feeds into our performance system so that we can run reports as efficiently as possible. Of course, clients often have their own preferences. We accept that as part of the family office business, even if it entails obtaining duplicates of monthly brokerage statements and manually inputting them into our performance system.