

**IN THIS ISSUE**

- **News** Ask the experts<sup>08</sup> // Calendar<sup>09</sup> // On the move<sup>11</sup> // Q&A<sup>13</sup>
- **Features** Social media risks on the road<sup>15</sup> // Inaugural Wealth Management Insights Summit<sup>16</sup>
- **Comment** Dynasty Financial Partners' Michael Moriarty<sup>14</sup>
- **Services directory**<sup>18</sup>

**TOP NEWS STORIES**

**LAZARD'S SHELLY JOINS TIEDEMANN IN PALM BEACH**

Former CEO and managing director of Lazard Wealth Management, Thad Shelly, has joined Tiedemann Wealth Management as managing director and senior advisor in its Palm Beach, Florida office.

**TURN TO P5**

**NEPC HIRES MINER FOR PRIVATE HEALTH INITIATIVE**

Following a long-term goal to tap into the ultra-high-net-worth business, NEPC has named Dennis Miner as MD to help cultivate relationships and drive leads for the firm's new focus.

**TURN TO P5**



**Q&A**

This month *PAM* sits down with David Bailin, global head of managed investments, Citi Private Bank

**TURN TO P13**



16

FOs and hedge funds discuss how best to get along at the Inaugural Wealth Management Insights conference, held at the Biltmore Hotel in Coral Gables, Florida

**FEATURE**

14

**RIA focus**

Dynasty Financial Partners' Michael Moriarty, director of Investment Platforms, talks to *PAM* about trends in the alternative assets market

**FEATURE**

15

**Social media risks on the road**

Marcy Hall of HUB International explains how to stay safe and social when traveling abroad

# Inaugural Wealth Management Insights Summit



FOs and hedge funds discuss how best to get along

By Kristen Oliveri

The Inaugural Wealth Management Insights conference was held on April 15-17 at the Biltmore Hotel in Coral Gables, Florida, bringing together roughly 90 family offices and hedge fund managers in an attempt

to share thought leadership and create an intimate venue for private discussions.

Keynote speaker Harry Markopolos, the Madoff whistleblower and the author of *No One Would Listen: A True Financial Thriller*, set the stage for the overall event. Speaking candidly from his over eight-year ordeal of tracking down Bernie Madoff and uncovering the depth of the ponzi scheme that had many wealthy families fooled, he demonstrated the inherent point of doing due diligence on all of one's investments, as well as pointing out the simple notion that if it sounds good to be true, it probably is.

Madoff, Markopolos explained, used a perverse dating psychology when luring his investors. He told potential investors out on the golf course or at the country club that he didn't want their money or the hassle of managing it. When he decided to take their money, as a favor to them, investors felt like they were special. Markopolos explained that managers often brag about their due diligence process but the only way to actually evaluate how seriously they take it is to ask the manager how much of their gross revenues are dedicated to their due diligence efforts.

The next day, families and managers sat in on a panel about the questions investors should be asking. Chris Greer of Citi Prime Finance and Suzanne Currie of Baker Currie Global, spoke about how even though hedge fund losses have changed forever, the appetite for alternatives is increasing.

Currie spoke at length about why any particular fund may get vetoed by a family office. The reasons included lack of independent oversight, insufficient

checks and balances, unsatisfactory service provider engagement, unsatisfactory or ineffective remuneration policies or insufficient personal wealth invested in the fund on the part of the manager.

Greer echoed the sentiment as a hedge fund marketer that family offices want to see the manager is committed to the fund, that their own personal wealth is in it and that there is the ability to short, as well as have transparency of fees.

"As a hedge fund manager, ask yourself, who is your market, then build the fund around the market," said Greer.

He also noted that family offices should be asking the managers direct questions pertaining to why they got into the business and to find out how the manager will react to risk in the markets.

Bruce Frummerman of Frummerman & Nemeth, who served as the moderator for the panel, also stressed the importance of fund managers taking the time to meet with all potential clients and existing clients to speak to them about their fund, the strategy and future performance.

The event continued to take a deeper look into risk management with another session led by Sam Won of Global Risk Management Advisors. He spoke about the essential risk management considerations for investing with hedge funds and how to obtain true alpha from a family's alternative investments.

"Everyone and their mother is claiming they do risk management," began Won. "But if that's true how did we get into the mess that we're in?" He added that there is a sea change that is happening now where funds are becoming more transparent, but unfortunately, the family offices are lacking the capability to evaluate the data given to them.

He explained that the majority of family offices don't write down what their exact risk parameters are which hinders them from linking up with the hedge funds that are most likely to be the best fit for them in the long run. ■