

# BARRON'S

THE DOW JONES BUSINESS AND FINANCIAL WEEKLY

www.barrons.com

AUGUST 24, 2015

## THE TOP 100 INDEPENDENT ADVISORS



Dave Klug for Barron's

### 2015 TOP 100 INDEPENDENT ADVISORS

Here are America's top independent financial advisors, as identified by *Barron's*. The ranking reflects the volume of assets overseen by the advisors and their teams, revenue generated for the firms, and the quality of the advisors' practices. A ranking of "N" denotes an advisor who is new to the list.

RANK		Name	Firm	Location	Retail	High	Ultrahigh	Founda- tions	Endow- ments	Insti- tutional	Team Total Assets (\$mil)	Typical Account Size (\$mil)	Typical Net Worth (\$mil)
'15	'14				(Up to \$1 mil)	Net Worth (\$1 mil-10 mil)	Net Worth (\$10 mil+)						
1.	1.	Peter Mallouk	Creative Planning	Leawood, Kan.	•	•	•				15,250	1.5	5.3

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DOW JONES

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THE DOW JONES BUSINESS AND FINANCIAL WEEKLY

www.barrons.com

AUGUST 25, 2014

With stocks near record highs, these pros are staying focused on the long term.

## THE TOP 100 INDEPENDENT ADVISORS

Dale Stephanos for Barron's

### Top 100 Independent Financial Advisors

Here are America's leading independent financial advisors, based on assets under management, revenue generated for the advisors' firms and quality of practices. We assigned the No. 1 advisor a score of 100 and compared the rest with the winner. N denotes that the advisor was not on last year's list.

RANK		Name	Firm	Location	Retail	High	Ultrahigh	Founda-	Endow-	Insti-	Team Total	Typical	Typical
'14	'13				(Up to \$1 mil)	Net Worth	Net Worth						
					(Up to \$1 mil)	(\$1 mil-10 mil)	(\$10 mil+)				(\$mil)	Size (\$mil)	(\$mil)
1.	1.	Peter Mallouk	Creative Planning	Leawood, Kan.	•	•	•				11,324	1.49	4.75

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DOW JONES

# BARRON'S

THE DOW JONES BUSINESS AND FINANCIAL WEEKLY

www.barrons.com

AUGUST 26, 2013

## THE TOP 100 INDEPENDENT FINANCIAL ADVISORS

The advisors in our exclusive listing know how to ride the market's waves.



Dale Stephanos for Barron's

## Top 100 Independent Financial Advisors

Here are America's leading financial advisors, based on assets under management, revenue generated for the advisors' firms, and quality of practices. We assigned the No. 1 advisor a score of 100 and compared the rest with the winner. N denotes the advisor was not on last year's list.

RANK	'13	'12	Name	Firm	Location	CUSTOMERS					Team Total Assets (\$mil)	Typical Account Size (\$mil)	Typical Net Worth (\$mil)
						Retail (Up to \$1 mil)	High Net Worth (\$1-10 mil)	Ultra-High Net Worth (\$10 mil+)	Foundations	Endowments			
1	4		Peter Mallouk	Creative Planning	Leawood, Kan.	•	•	•			\$6,889	\$1.35	\$3.9

(over please)

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DOW JONES

## COVER STORY

This year's bull market has been a boon to the top independent financial advisors and their clients. Our exclusive listing.

# The Indie 100

by Steve Garmhausen

*The following has been excerpted*

### Peter Mallouk

When he launched his firm in 2004, Peter Mallouk believed he could deliver value that his competitors didn't—but he never dreamed that investors would agree with him to the tune of \$6.9 billion of managed assets. In fact, Mallouk has emerged as this year's No. 1 independent advisor.

"I knew there'd be an opening for us," says Mallouk, 43, who bought out a small practice nine years ago and has transformed it into a behemoth. "I didn't expect it would be to this degree."

Mallouk attributes much of his success to the fact that he started his career as an estate-planning attorney, supporting advisors at 11 brokerage houses. "I got a 360-degree view of the whole industry," he says, "what was good, what was bad, what worked, and what didn't work."

Mallouk's unique perspective led him to focus on limiting costs, minimizing taxes, and delivering consistent investment performance through a rigorous asset-picking process.

Investors who have experienced bear markets "like a disciplined, repeatable approach, rather than a speculator disguised as an investment manager," says Mallouk.

Creative Planning is a 50-person practice, and clients tend to be the "multimillionaire next door," Mallouk says. That means professionals, entrepreneurs, and heirs. Mallouk stays focused on the fact that 90% of what the clients care about is investment success. In order to ensure that taxes are minimized, capital is protected, and opportunities are seized, Creative Planning handles investing entirely in-house with a phalanx of traders and wealth managers.

"We don't want to count on a third party doing anything," Mallouk says. "We want to control that process from beginning to end."

That total-control approach carries

over to the other, less glamorous side of the business. Creative Planning's in-house personnel also handle everything from estate settlement to business planning to charitable giving. "We're not coordinating it; we're doing it," says Mallouk, who oversees attorneys and CPAs along with investment professionals.

"Clients call with a private-equity deal to discuss or a real-estate deal; or their dad died and they need help with the estate," he says, "and we're already intimately familiar with their situation."

Mallouk says that efficient processes—which he declines to describe in detail—allow the firm to provide family-office services to clients with as little as \$2 million, rather than the typical \$100 million or more. "We found a way to do it," he says, simply.

Part of that method derives from Mallouk's insistence that the firm hire only wealth managers he deems "all-stars." Creative Planning will only interview those who have emerged as top players at their prior firms. In an era that has seen everything from 9/11 to the tech wreck to the mortgage meltdown to the euro crisis and Bernie Madoff, having top-notch staff makes a palpable difference to clients.

"People really want to feel like they're dealing with someone very, very competent," he says, adding, "We don't have competitors in that category." Most investment-management firms have a set of strategies, but Mallouk insists that each client portfolio be custom-managed. So



Peter Mallouk

Jason Dailey for Barron's

while the firm invests more in stocks than bonds, clients' individual allocations vary widely, he says.

But Mallouk does admit that Creative Planning generally has been shortening bond durations and reaching for alternative sources of income—dividend stocks and master limited partnerships, among them.

Overall, the firm's equity investments tilt slightly toward smaller companies and a value orientation, he says. A "substantial minority" of the firm's stock positions are in foreign companies.

"Just because we live in the U.S. doesn't mean all our investments should be here," he says. "We're really in a global economy, so we take a global approach."

ADVISOR PROFILES

## Peter Mallouk Runs a Family Office for All

Peter Mallouk, Barron's No. 1 independent advisor, offers affluent investors the kind of service usually reserved for the super-rich. Why he's liking emerging-market stocks.

By [STEVE GARMHAUSEN](#)

September 13, 2014

You won't find many top-flight financial advisors who share office space with a dentist—but for Peter Mallouk, it's part of a success story.

Back in 2007, Mallouk's firm bought a 30,000-square-foot building in Leawood, Kan., intending to lease most of it. After inking the dentist as his first tenant, Mallouk realized his business was growing faster than anticipated. "We ended up needing all the rest of the space," says Mallouk, 44, who led Barron's list of top independent advisors last year.

The swift growth of Mallouk's Creative Planning—its assets have grown from \$50 million to \$12 billion in a decade—has much to do with its business model. Mallouk and his 130-person team provide a high-end suite of services to clients with typically about \$1.5 million to invest.



Long Horizons: "When we buy, we do so with the intention of keeping it forever," Mallouk says. Photo: Jason Daily for Barron's

"We're basically a family office for the multimillionaire next door," says Mallouk, a lifelong resident of the Kansas City area. Like family offices for the ultrarich, Mallouk's team offers everything from financial planning and customized investments to funding trusts and evaluating which health-insurance plan a client should choose.

MALLOUK'S INVESTING APPROACH is based on looking beyond gross returns to the amount of money his clients keep after fees and taxes. To that end, he strives to keep portfolio turnover—and its attendant fees and taxes—as low as possible.

"When we buy, we do so with the intention of keeping it forever," says Mallouk, who mainly uses low-cost exchange-traded funds, the occasional mutual fund, and individual equity investments. One of his rare sales came this summer after Kinder Morgan Inc. (ticker: KMI) ditched its master-limited-partnership format, diminishing its usefulness to his clients.

On the other hand, he has held the likes of Berkshire Hathaway (BRK.B) and Energy Select Sector SPDR (XLE) through thick and thin over the years. Though he doesn't chase winners, Mallouk is diligent about regularly rebalancing client portfolios—selling appreciated asset classes and buying lagging ones in order to return clients' portfolios to their target

investment mix.

Portfolio rebalancing is the sort of routine maintenance that many investors fail to do, or do too infrequently, says Mallouk. He rebalances more frequently when opportunity appears—when stocks were cheap after the 2008 crash, and when bonds were attractive during the European debt crisis, for example.

"We don't wait for the end of the year or the end of the quarter to rebalance," he says. "We are aggressive about buying through volatility,

## The Strategy

Location: Leawood, Kan.

Clients: 8,000

Typical Account: \$1.45 million

**Mallouk uses both stocks and alternative assets like master limited partnerships to get substantial equity exposure.**



Note: All percentages based on average allocations.

whenever it happens."

Mallouk, a lawyer as well as a financial advisor, started his career helping other advisors handle estate-planning for their clients. In that role, he noted that most advisors were too focused on gross investment returns—they paid little heed to taxes or to helping clients achieve specific financial goals. And they often charged sales commissions and sold in-house investments, which Mallouk saw as a conflict of interest. In 2004, he purchased a financial-planning boutique and went about creating what he calls a better kind of business.

Mallouk doesn't care much for conventional wisdom. He dismisses, for instance, investment legend John Bogle's rule of thumb that investors should subtract their age from 100 to determine their appropriate equity allocation. A wealthy septuagenarian need not limit her stock exposure to 30% if those stocks are generating plenty of safe dividend income, Mallouk argues. On the other hand, a 45-year-old who can't stomach stock market volatility may be better off with mostly bonds, he adds.

THESE DAYS, MALLOUK uses equities—both stocks and alternative-class cousins like master limited partnerships—for 60% to 70% of client portfolios. Few asset classes are cheap at present, but Mallouk is high on emerging-market stocks, where price-to-earnings ratios are low and dividend yields are strong. Because of the sector's political turmoil, currency risk, and other hazards, it's best for investors who won't need their money back for at least 10 years, he adds.

Looking back, Mallouk is glad that he created his business in a turbulent decade that included the Bernie Madoff scandal and the 2008 market crash. Events like those made families take investing more seriously, and that ultimately led many of them to Leawood.

"More people found us than would have found us in any other decade," Mallouk says