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# Ellwood Viewpoint

## Why We Think Independence Matters

*For over 40 years, we've served our clients by delivering independent, unbiased advice. We believe that an independent firm, one with no outside influences or pressures to sell or provide secondary services, is one that serves clients' best interests. With the wave of mergers and acquisitions in the investment consulting industry, we wanted to reaffirm to our clients what it means to be independent and why we think that's important.*

### **How investment consulting firms generate revenue**

The word “consulting” is broadly used. As such, it takes on different shades of meaning, depending on the firm. At some firms, consulting divisions generate profits by revenue-sharing with investment managers—or trade commissions from asset managers.

Still other firms might represent themselves as “consultants” while also recommending products to clients that the firm stands to benefit from or operating other lines of business that accept commission dollars or revenue sharing.

Compare this with a truly independent, unbiased investment consultant, for which 100% of revenue comes from consulting—not from soft-dollar arrangements or from other product lines and services. Speaking from experience, all of Ellwood’s own revenues are derived from our consulting services. We are not a broker/dealer. We do not offer products, research, or services to money managers. We receive no compensation from money managers. We don’t revenue share with investment managers or other service providers.

We only succeed when our clients succeed. For us, that’s motivation enough—and we believe it serves our clients extraordinarily well.

### **How firm ownership is structured**

We believe the people consultants report to make a world of difference. Publicly-traded firms are accountable to stockholders—the result can emphasize profitability over all other factors, including objectivity.

On the other hand, privately-held firms can concentrate power into a few hands, which can skew factors, such as consultant retention and client recommendations. Plus, firms with concentrated ownership structures may encounter stability issues when it comes to succession planning.

Ellwood is owned through an employee stock ownership program (ESOP). That means our ownership is shared throughout our organization, from entry-level support staff to the most senior-level consultants. With 100% employee ownership comes desirable aspects such as staff retention (unusually long, as you’ll see below), advanced industry certifications (64% of our investment consultants are Chartered Financial Analyst® charterholders or Chartered Alternative Investment Analyst® charterholders ), and a shared commitment to long-term excellence (substantiated by our many long-term clients). Ellwood maintains and enforces a Code of Ethics policy which commits all officers, directors, and employees to openness, integrity, honesty, and trust.

We are proud to be in our third generation of independent ownership. Which leads into our third major advantage: our largest ownership stake is no more than 10%. No single individual can exert undue sway over the destiny of our firm—or our recommendations to clients. We believe this delivers stability to our clients.

### Experienced and tenured staff

It's easy to consult when markets are steady or rising. But what happens when markets hit a bump—or worse? This is when a consulting firm and consultants with decades (not just years) of experience prove their worth.

At Ellwood, we take extreme pride in the tenure and continuity of our key professionals. We've helped our clients weather rising, falling, and turbulent markets since 1977: all while maintaining long-term client relationships. Our professionals hold an average of 19 years of investment experience—and an average 16 years at our firm.

### Focus on the client

Retirement plans, endowments, foundations, family offices, and healthcare systems require a customized approach. As independent investment consultants, Ellwood builds portfolios from the ground up to address the specific goals and concerns of each client, and find the mix of asset managers best equipped to carry out the designed portfolio strategy.

In an environment rife with conflicts of interests, look for an investment consultant whose only mission is to serve clients' best interests. As an independent firm, Ellwood avoids affiliations that could influence our recommendations. We deliver one thing—investment consulting—for objective, unbiased advice that aligns with our clients' goals. **E**

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The information presented is not an offer to buy or sell securities, nor should it be construed as tax or legal advice. The historical information included herein is historical only and is not a guarantee of future performance.

#### About the CFA Program

The Chartered Financial Analyst (CFA) charter is a globally respected, graduate-level investment credential established in 1962 and awarded by CFA Institute — the largest global association of investment professionals.

There are currently more than 138,000 CFA charterholders working in 134 countries. To earn the CFA charter, candidates must: 1) pass three sequential, six-hour examinations; 2) have at least four years of qualified professional investment experience; 3) join CFA Institute as members; and 4) commit to abide by, and annually reaffirm, their adherence to the CFA Institute Code of Ethics and Standards of Professional Conduct.

The three levels of the CFA Program test a proficiency with a wide range of fundamental and advanced investment topics, including ethical and professional standards, fixed-income and equity analysis, alternative and derivative investments, economics, financial reporting standards, portfolio management, and wealth planning.

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#### About the CAIA Program

The Chartered Alternative Investment Analyst (CAIA) designation is a globally recognized certification administered by the Chartered Alternative Investment Analyst Association and requires a comprehensive understanding of core and advanced concepts regarding alternative investments, structures, and ethical obligations.

To qualify for the CAIA designation, finance professionals must pass both the CAIA examinations, attest annually to the terms of the Member Agreement, and hold a US bachelor's degree (or equivalent) plus have at least one year of professional experience or have four years of professional experience. The CAIA association recommends candidates engage in a minimum of 200 study hours to pass the exams.

CAIA® is a registered certification mark owned and administered by the Chartered Alternative Investment Analyst Association.

#### About Ellwood

For four decades, Ellwood has customized investment programs that are practical, grounded in fundamental research, and focused on bottom-line performance. Our consulting practice is national in scope and is focused on serving seven primary types of clients: Healthcare Systems and Hospitals, Corporate Defined Benefit Plans, Corporate Defined Contribution Plans, Endowments and Foundations, Public Funds, High-Net-Worth Clients, and Wealth Management Advisory Services.

Ellwood was founded in 1977 and is a 100% employee-owned, independent investment consulting firm with no parent or affiliate organizations. Ellwood is based in Chicago, IL with a regional office in the Denver, CO area.

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