

5 TIPS FROM TOP ADVISORS



What Top Advisors Offer Clients



In most business segments there is a small group of people who stand out as top performers and industry leaders. Often, that is a product of their dedication to their profession and their work ethic. This dynamic is also true in the planning and wealth advisory business.

To explore whether there are additional common attributes that top advisors share, we conducted interviews with the top advisors investing through our platform, and we analyzed articles, reviews and surveys conducted on the nation's top advisors by companies such as Forbes and Barrons. Through that research, we observed that the top advisors shared the following attributes and approaches, all of which may be modeled by advisors who seek to grow their business.

1 Trust

All of the advisors from the sources we reviewed take old-fashioned responsibilities like trust and loyalty to heart, especially when it comes to their clients. They spend extra time with their clients to build relationships and help them navigate challenging environments. Through knowledge, specialization, transparency, accountability and communication, the top advisors often become their client's trusted advisor on matters that may be unrelated to investments.

Often that sense of trust, duty and loyalty was learned by the top advisors at a young age or as the result of events that shaped their lives. For some top advisors, putting their clients first was the primary driver to leave brokerages that limited investment options or had potential conflicts of interest. The Madoff Ponzi Scheme strengthened the resolve of some advisors that their business model of trust and fiduciary-driven services would be more broadly appreciated by clients; and, that approach was often validated by increases in assets under management.

Trust is something that is generally built over many years. Top advisors know that as trust grows, the client relationship gets stronger.

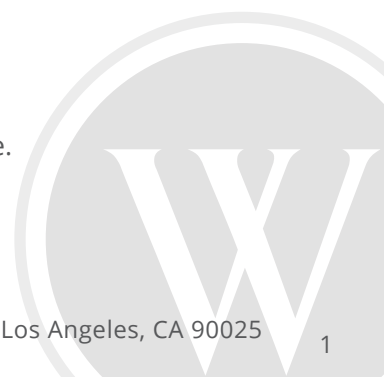
Top advisors also recognize that the initial step in the trust building process is sometimes a collateral benefit of being an expert in an area of specialization. Often, however, those old-fashioned character traits of loyalty and doing the right thing for people leads to increased trust by the potential client.

2 Specialization

Although on the surface it may seem that advisors are targeting the same client base of high net worth individuals, a closer look indicates that many have a specialization and/or a sector focus.

Examples of specialization and sector focus include:

- To reach the most affluent sub-segment of the millennial market, an advisor became an expert in specific areas important to affluent millennials, including advising on employee stock options.
- Acting as an independent consultant to endowments, foundations and hospitals.
- Representing divorced women.
- Planning for unmarried couples and couples entering into a second marriage.
- Non-Profit Organizations.
- Fortune 500 employees.
- Educators, small business owners and public company employees with a local presence.
- Blue-collar oil and gas workers.
- Deferred compensation plans for small businesses.



Although there has been a lot of press about Robo-advisory, it is interesting to note that none of the advisors considered technology as a differentiator for their business. Rather, technology was viewed as another necessary tool to run their business.

Top advisors recognize that having a specialization and sector focus leads to an informational advantage about that sector. That advantage leads to greater trust in the advisor and a higher level of service to their clients.

3 Approach

Clients pay top advisors for advice. And, top advisors recognize that their advice means guidance, perspective and judgement. Top advisors don't say: "that's not my job." Instead, they are proactive and will research and provide advice on client investment questions. If they can't help on a particular issue, they bring in other experts to help on the matter. This may mean bringing in legal, tax and other experts to address the client's questions. To ensure clients find the best opportunities, if they do not have the expertise in-house, some advisors have hired experts who specialize in alternative investments.

With respect to the portfolio allocation strategy and investment approach, in many instances clients using a top advisor have already accumulated their wealth. Those clients desire peace of mind and the ability to sleep at night without worrying about their portfolio. To address those desires, many top advisors advocate a safety-first approach and focus on investments delivering cash flow. That said, those advisors also recognize that each client has a different risk tolerance and therefore the advisors develop individualized investment targets. The result is a focus on asset allocation and manager selection to ensure that clients have a prudent growth strategy while not being exposed to undue risk.

4 Access

Clients also pay top advisors for access; not only to the advisor themselves, but to research and investment opportunities.

For example, alternative investments are increasingly being used in portfolios to address volatility and as a hedge against changing interest rates. However, as alternative investments have gained greater acceptance and utility in portfolio strategies, the resulting proliferation of alternative investments has cluttered the landscape. The increase in investment choices has therefore fueled investor demand for more assistance from their advisors in this area. In turn, that has put more pressure on advisors to be both more proactive and discerning in their review of alternative investments.

In response, top advisors we reviewed have taken that challenge in stride and, to narrow the landscape, they are focusing on conservative strategies with strong fundamentals and repeatable results. Most of the top advisors have the ability to research and vet those investments internally. However, as mentioned above, for more complex investments some have hired experts to assist in the review process.

Direct client access to the advisor is a given for top advisors. However, as addressed in the next tip, many top advisors have taken client access and client service to an entirely new level.

5 Service

An advisor in one of the articles we reviewed, told a story that at age 16 he wanted to put some of his earnings into a mutual fund, but his father's broker wouldn't give him the time of day. So, his father pulled his account and transferred it. That future advisor probably learned a more valuable lesson than his father's former broker.

All advisors try to differentiate themselves based on service. However, terms like “love and care,” “family,” and “personal touch” are often used by top advisors when describing their clients. Top advisors know that their business is about nurturing relationships. They also know that care for a client goes hand-in-hand with being a trusted advisor and problem-solver.

The client first approach used by top advisors is not merely a “concierge service” for their clients. Often top advisors are considered a crucial member of the client’s family and the advisors go above and beyond for their clients.

Examples of advisors going the extra mile include:

- When a dying client asked an advisor to check on his wife’s financial well-being after he passed away, the advisor gave his commitment to do so and has honored that promise for the last 10 years.
- An advisor traveled 750 miles to help a widow of one of his clients clean out her house when the client passed away.
- A prospect referred by a client wanted to open an IRA account but the advisor received the call on April 15th. To help the client meet the tax deadline, the advisor chartered a plane, flew to the client and completed the paperwork.
- Another advisor wants both spouses to attend face-to-face meetings with her. Although one spouse is usually the lead, she wants to ensure that the other spouse is part of and learns from the interaction because at some point that spouse may be in charge of the family’s finances.
- A client asked an advisor to review paperwork she had received from the Department of Motor Vehicles. Although it was routine paperwork, the advisor took the time to meet the client at her home to walk her through the paperwork and answer her questions.

Whether they have invested \$20 million or \$200,000, top advisors appreciate the value of each of their clients – and even small gestures demonstrating care for their clients has led to referrals from a loyal client base.

More than ever, clients rely on their advisors for counsel and support as well as investment advice. And, although the ranks of independent advisors may swell as individuals leave large brokerages to launch their own advisory businesses and the industry may see a surge in robo-advisor platforms, the top advisors will still grow and maintain their client base through interpersonal relationships.

There is no question that top advisors work hard. However, they have found that the key to client development and retention is a client first approach and the personal attention they provide to their clients.

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