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FINANCIAL PLANNING | TOP 1,200

These Are America’s Top 1,200 Financial Advisors

By Steve Garmhausen Updated March 15, 2021 / Original March 12, 2021

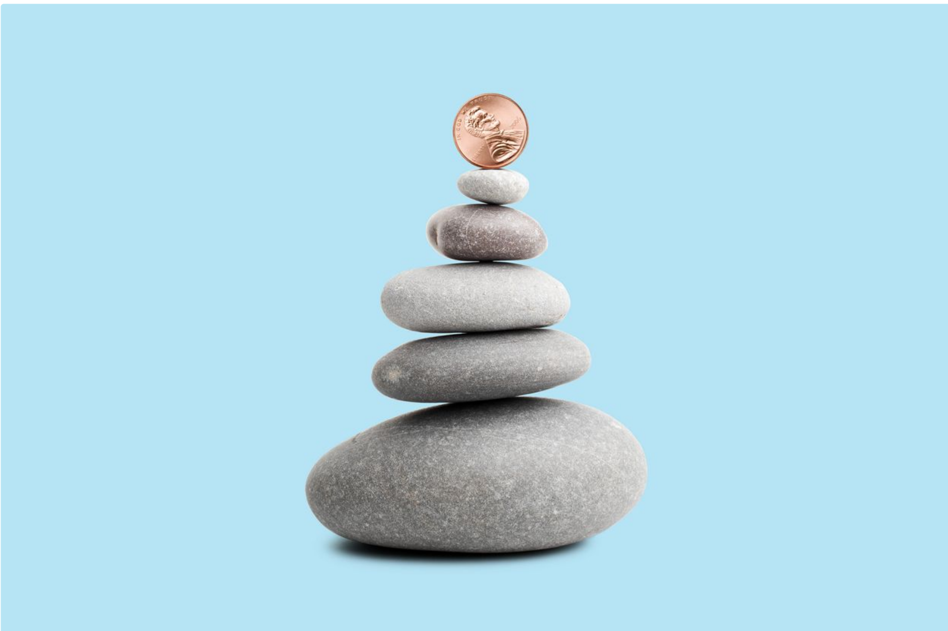

Illustration by Alvaro Dominguez

Stocks have had a turbulent few weeks, but their remarkable resilience—they’ve spent a year powering ever higher in the face of a pandemic—has many investors seeking to press their advantage. “I’ve been fielding more calls from clients saying we should boost risk,” says Peter Princi, a Boston-based advisor with Morgan Stanley’s Graystone Consulting unit and the top-ranked advisor in Massachusetts in this year’s *Barron’s* Top 1,200 Advisors ranking. “We’re spending a lot of time managing expectations around that.”

Investors throwing caution to the wind can signal the imminent popping of a bubble. Princi and most of his peers say that’s not the case right now, but they do point to dynamics that could trip up unwary market participants. Hewing to the megacap names that powered the S&P 500’s 18.4% return in 2020 may be a mistake, for instance: Four of the index’s five largest components were down for the first two months of this year. Likewise, Covid-19-damaged companies may sport bargain prices, but not all will bounce back as the pandemic is brought to heel. And looking past 2021, there’s growing talk about the possibility of accelerating inflation.

Good advisors put the positive and the negative into perspective for their clients and keep them focused on long-term goals rather than the hot investment of the moment. “We show clients that their retirement goals are being met,” says Princi, who helps manage $7.1 billion of client assets, “and that it’s not worth it to put their portfolio at risk.”

With an average tenure in the industry of 30 years, this year's Top 1,200 Advisors have plenty of perspective on what works and what doesn't. Ranked advisors and their teams typically serve 750 households, each of which has an average of $14 million to invest. They each manage about $3 billion in total. And judging from their average client-retention rate of 98.4%, the clients are satisfied with the results.

This special report ranks the top advisors in each of the 50 states, plus the District of Columbia, with the number of spots determined by each state's population and wealth. The rankings are based on assets under management, revenues generated by advisors for their firms, and the quality of the advisors' practices. Investment performance isn't an explicit criterion because performance is often a function of each client's appetite for risk. In evaluating advisors, we examine regulatory records, internal company documents, and 100-plus points of data provided by the advisors themselves. For more information about our methodology, click here.

As with so much in the past year, there were plenty of changes in the advisor rankings. Some 196 advisors on the new Top 1,200 weren't on the roster last year, and 16 states got new No. 1 advisors.

To see the full list of America's top 1,200 financial advisors, click here.

Our top advisors are well compensated, as their practices earn an average of $9.6 million in annual revenue. More and more of this revenue is coming in the form of yearly fees, usually based on a percentage of assets managed—which means less and less is taking the form of old-school sales commissions. Recurring fees now account for 87% of advisors' revenue, up a full 10 percentage points since 2018. Our typical top advisor has a ways to go until retirement: The average age is 56.

Amid the craze for highflying assets, from shares of Tesla to Bitcoin to special purpose acquisition companies, or SPACs, good advisors have been a voice of restraint—and sometimes a tart one, at that.

Pamela Rosenau, the No. 4 advisor in Colorado, says one client, who had been spooked by the March drop, asked her partner, Patrick Fruzzetti, if she should buy into the highflying exchange-traded funds managed by ARK Investment Management. ARK's flagship ARK Innovation ETF (ticker: ARKK), known for betting big on innovative companies like Tesla and Roku, had rocketed from $44 a share on March 1 to $157 by Feb. 12. Fruzzetti's reply, according to Rosenau: "You'd be better off building an ark." That turned out to be a good call, at least in the short run: ARK Innovation subsequently plunged to $110 per share.

Rosenau's clients fall into two camps. Those who have been with her through past market troubles were calmer in the midst of this spring's Covid-19-driven downturn, she says. Newer clients, on the other hand, are more jittery. "Now they're antsy and really concerned with missing out," Rosenau says.

Though they may sound like fuddy-duddies, Rosenau and other top advisors have consistently steered clients back to the bedrock investing principles of diversification and prudent asset allocation.

Wally Obermeyer, our third-ranked advisor in Colorado, says his clients are generally in a positive state of mind. Their portfolios have done well; many clients have gotten their Covid-19 vaccinations, and they’re beginning to book travel reservations, says Obermeyer, who is president of $1.9 billion-asset independent firm Obermeyer Wood Investment Counsel, based in Denver and Aspen.

On the downside, the clients are a bit apprehensive about the capital-gains tax bill that may result from stocks’ strong performance, and they’re concerned about potential increases in tax rates under the Biden administration. They’re also aware that market valuations are historically high—a source of some anxiety because safe, high-yielding bonds that have traditionally served as a portfolio’s shock absorbers have become scarce. The uncertainty has helped the firm gain the business of some longtime do-it-yourself investors, says Obermeyer.

He is a believer in stock-picking, as opposed to passive index investing. He argues that there’s more value in his approach because stocks are no longer rising in tandem. “Given the difference between winners and losers, do you really want to own everything?” he asks.

Illustration by Alvaro Dominguez

Covid-19 accelerated the adoption of work-from-home stocks, but some that have soared will peter out, Obermeyer predicts. The firm sold its eBay (EBAY) holdings a few weeks back but is sticking with electronic-signature company DocuSign (DOCU). “People are not going back to hand-signing, FedEx, and all that hassle,” Obermeyer explains, “whereas people [post-Covid] will shop and travel more. They won’t be at home, bored, and shopping on their computer as much.”

Rising inflation is on Obermeyer’s radar, as it is for many advisors. But he doesn’t see it becoming a problem for another five to seven years.

Rosenau takes a different view. The equity market strategist at Hightower and chief investment officer at Hightower’s The Rosenau Group believes that stocks are seriously overvalued and says that inflation is already gathering steam.

While the headline consumer price index is up just 1.7% over the past year, Rosenau points to rising costs for things like labor, freight, energy, and commodities like corn and soybeans.

She predicts consumer inflation of 3.5% to 4% by 2023. An inflation rate of 3.5% cuts purchasing power in half in 20 years; a 7% rate does so in 10 years, she says. "I was taught that the reason to buy stocks is not to do better than your neighbor; it's to double the inflation rate on a sustainable basis," she says. "This is becoming much more important."

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> — Pamela Rosenau, Hightower

Rosenau, who manages $1.2 billion of assets, currently has a 55% allocation to defensive staples like healthcare, telecom, and utilities, and companies with pricing power. Fifteen percent of her assets are in natural resources, precious metals, and real estate. Fifteen percent are in what she calls "direct hard assets," including workers' rental housing and gold-mining companies. The latter are paying dividends of nearly 4%, Rosenau notes.

"I think markets are going to be flat once they decline, so I want dividends to be a large part of the return," she says. Fifteen percent of her investible assets are in cash, dry powder for buying opportunities that may arise when prices fall.

"If [markets] fall, I will convert cash into equities, for instance. If they continue to go up, I will probably take more chips off the table," she says.

Bradford Bernstein, a UBS advisor in Philadelphia, says his clients are calm after a volatile 2020 in which his 20-person team earned their trust. "The value our team was able to provide last year—getting clients through the drop, rebalancing, harvesting losses, and hand-holding—will buy us years of goodwill," says Bernstein, who is *Barron's* 38th-ranked advisor in Pennsylvania.

Bernstein and his team work to keep clients focused on long-term goals like funding retirement, rather than which stocks or cryptocurrencies might be on a tear. "We're not YOLO [you only live once] investors," he says. "We are goals-based investors."

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>
> — Brad Bernstein, UBS

Bernstein believes that the late-February surge in interest rates, which brought the 10-year Treasury yield to 1.4% from an all-time low last year of 0.5%, is a bullish signal for the economy. "The bond market is starting to agree with the stock market," says

Bernstein, who manages $1 billion. “It’s saying that the U.S. economy is going to get a lot better, and it’s starting to price in the recovery.”

Recently, Bernstein’s team has been playing the reflationary environment by adding exposure to financials, energy, and emerging markets, with a tilt toward small-cap stocks.

For income, Bernstein is high on floating-rate bank loans, which he accesses through mutual funds. He also likes high-yield municipal bonds: A recovering economy makes such issues less risky, he reasons. Munis are also being bolstered by federal aid that is expected to be disbursed to state and local governments. What’s more, tax increases would serve to amplify their tax-equivalent yields.

READ TOP ADVISOR PROFILES

Thais Piotrowski, Ameriprise Financial

Mark Wilkins, UBS Private Wealth Management

Kathleen Roeser, Morgan Stanley Wealth Management

Walter JR Gondeck, The Lerner Group

Charles Zhang, Zhang Financial

Daniel Fries, Merrill Lynch Wealth Management

Jennifer Marcontell, Edward Jones

For their part, Princi and his team are turning to alternative investments for income. They’re buying into industrial and multifamily spaces in areas with fast-growing populations, such as Atlanta; Austin, Texas; Nashville; and Salt Lake City. Private markets are producing yields that are “much higher than investment-grade bond portfolios and high-yield bonds at this point.”

On the equity front, Princi is apprising clients of medium-term risks. If the yield on the 10-year Treasury passes 2%—something that Princi believes could happen next year—stock valuations would be forced lower, even if projected earnings hold up, he says. Princi & Co. started rotating into cyclicals and small-caps four months ago, when Mike Wilson, Morgan Stanley’s chief investment officer and chief U.S. equity strategist, made the call.

Value stocks are another promising area, Princi says. Stocks trading at low prices relative to earnings and other characteristics have lagged well behind growth stocks for more than a decade, and Princi expects a reversion to the mean. “Sometimes, it’s as simple as not trying to outsmart yourself,” he says. “It’s about going to undervalued areas that can do well over the next five years.”

To see the full list of America’s top 1,200 financial advisors, click here.

Tops in Their States

Name	Firm	State	Total Assets ($mil)
Tony Smith	UBS Wealth Management	Ala.	$3,835
Ryan Callaway	Ameriprise Financial	Alaska	$535
Steven Schultz	UBS Wealth Management	Ariz.	$1,568
Allen Homra *	Edward Jones	Ark.	$813
Gregory Vaughan	Morgan Stanley Private Wealth Management	Calif.	$32,439
Shawn Fowler	Morgan Stanley Private Wealth Management	Colo.	$6,369
Jeff Erdmann	Merrill Private Wealth Management	Conn.	$9,557
Marvin McIntyre	Morgan Stanley Private Wealth Management	D.C.	$4,156
Kimberlee Orth	Ameriprise Financial	Del.	$3,003
Brian Pfeifler	Morgan Stanley Private Wealth Management	Fla.	$14,347
Rod Westmoreland	Merrill Private Wealth Management	Ga.	$5,749
Peter Backus	Morgan Stanley Wealth Management	Hawaii	$1,326
Robert Brian King	RBC Wealth Management	Idaho	$755
John Cultra	William Blair	Ill.	$4,333
Wm. Craig Dobbs	Morgan Stanley Graystone	Ind.	$31,873
Matt Fryar	Wells Fargo Advisors	Iowa	$875
Tim Sutton	Creative Planning	Kan.	$1,103
Barry Barlow	Merrill Lynch Wealth Management	Ky.	$1,032
Curtis Eustis	Merrill Lynch Wealth Management	La.	$1,262
Brian Clement	RBC Wealth Management	Maine	$656
Robert Scherer	Morgan Stanley Graystone	Md.	$10,476
Peter Princi	Morgan Stanley Graystone	Mass.	$7,110
Charles C. Zhang	Zhang Financial	Mich.	$3,638
Richard S. Brown	JNBA Financial Advisors	Minn.	$1,647
Bill Rush Mosby	UBS Wealth Management	Miss.	$1,267
Michael Moeller	Moeller Investment Group	Mo.	$2,020
James B. Stack	Stack Financial Management	Mont.	$1,397
Jonathan Beukelman	UBS Private Wealth Management	Neb.	$3,553
Randy Garcia	The Investment Counsel Company	Nev.	$1,357
Robert Bonfiglio	Ameriprise Financial	N.H.	$711
Gary Tantleff	UBS Wealth Management	N.J.	$5,681
Brian Cochran	John Moore Associates	Raymond James	N.M.	$611
Lyon Polk	Morgan Stanley Private Wealth Management	N.Y.	$27,848
William Oliver	Wells Fargo Advisors	N.C.	$1,507
Troy Nelson	Edward Jones	N.D.	$688
Valerie Newell	Mariner Wealth Advisors	Ohio	$3,708
James Johnson	Morgan Stanley Private Wealth Management	Okla.	$1,200

Name	Firm	State	Total Assets ($mil)
Judith McGee	Raymond James	Ore.	$768
Rob Thomas	Mariner Wealth Advisors	Pa.	$5,111
Malcolm Makin	Raymond James	R.I.	$1,423
Rick Migliore	Merrill Lynch Wealth Management	S.C.	$5,366
David Hillard	RBC Wealth Management	S.D.	$1,160
Jay Williams	UBS Private Wealth Management	Tenn.	$1,306
Richard Szelc	Neuberger Berman	Texas	$1,949
Dane Runia	Merrill Private Wealth Management	Utah	$3,027
Tim Stotz	Morgan Stanley Wealth Management	Vt.	$1,243
Stephan Cassaday	Cassaday & Company	Va.	$3,510
Erik Morgan	Freestone Capital Management	Wash.	$5,612
David Houchins	Truist Investment Services	W. Va.	$1,008
Michael Klein	Baird	Wis.	$13,051
Kevin Murphy	Stifel	Wyo.	$539

*Mr. Homra has been ranked posthumously

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