



MARTIROS STRATEGIES

## Wealth Manager Due Diligence

### Minimum Requirements

- Comprehensive wealth management services
- Rigorous investment philosophy and process
- Exemplary ethics and reputation of firm and team members
- Aggregated pricing agreement for multiple accounts and family members
- Primary focus on similar client profile (wealth level and degree of complexity)
- High standards for risk management and security
- Ability to work with existing portfolios
- Transparent governance structure
- Stable management team and succession plan
- Clear communications and reporting
- Highly responsive service team

### Questions About the Firm's Business

What is the primary type and size of the clients being served, including the median relationship size, typical client size range, and target client size?

What is the governance structure and management structure of the firm?

How diverse is the team across multiple attributes including technical skills, subject-matter expertise, age, gender, etc.?

What is the firm's business model and cost structure?

Who owns the firm and what are the incentives of the management team?

What is the management succession plan?

What is the size and growth rate of the firm in terms of people, clients, and assets?

How much turnover exists among clients?

How much turnover exists among employees?



MARTIROS STRATEGIES

Have there been any ownership transactions/changes in the last three years?

Has the firm been the subject of any investigation or lawsuit?

How does the firm source and incentivize referrals and new business?

What types of potential conflicts of interest exist and how do you manage them?

Are there potential ownership changes and what is the anticipated impact on the firm?

What is the firm's pricing model and pricing schedule and is it suitable for the scale of assets?

What aspects of the pricing model are negotiable?

What types of training programs are provided to employees (what subjects, participants, participation rate)?

Does the makeup of the team create potential blind spots?

Is there a dominant person on the management team that may cause other people to avoid healthy debate and discussion?

How have they managed key-person risk?

## **Questions About the Firm's Investment Process**

What is the firm's investment philosophy and is it consistently described/delivered throughout the firm?

Does the firm employ any in-house investment products or manage any asset class internally?

Does the firm have a demonstrated sensitivity to taxes?

Does the firm have the ability to work with existing holdings, and how will the firm manage the transition to new investments and/or funds?

What is the firm's asset allocation process and what method and research sources do they employ?



MARTIROS STRATEGIES

What is the firm's investment research and due diligence process and how do they make investment decisions?

Does the firm have a particular domain experience and firm heritage?

What are the firm's investment results and/or model portfolio results?

Does the firm have sustainable/SRI capabilities and experience?

What is the firm's capability and approach to alternative investments?

What is the firm's approach to portfolio risk management?

Are portfolios managed on a discretionary or non-discretionary basis?

### **Questions About the Firm's Service Model**

Where is the company located (headquarters) and what is the location of the team that will be servicing clients?

What is the firm's anticipated meeting schedule and format for family entities?

What is the anticipated meeting schedule and format for individuals?

How is the service model structured (assigned to person, team, etc.)?

What are the firm's wealth planning capabilities for non-investment issues (cash flow management, estate planning, etc.)?

What is the firm's culture and team dynamics?

Does the firm have project management skills and resources?

Does the firm have experience working with family offices and how will the firm work with the family office?



MARTIROS STRATEGIES

Do the senior team members spend enough time listening carefully to your questions and concerns during interactions?

Do the senior team members allow for the participation of junior team members in meetings and discussions?

Is the physical location of key service team members an important factor in delivering high quality client service?

### Questions About the Firm's Operations

How does the firm manage the custody of assets?

What is the reporting process and who generates the statements (obtain samples)?

How does the firm manage information security, document security, backup, etc.?

What are the key technology systems being used and how is security managed?

Has the firm had an audit of their internal processes?

What are the key-person-risks the firm faces?

Does the firm have written policies and procedures (review)?

How are paper-based client files managed and stored?

Does the firm use a secure method for emailing documents?

Who are the firm's significant counter-parties and providers?

Did the site visit result in any concerns or surprise observations?