

THE LIST REGISTERED INVESTMENT ADVISERS (RIAs)



HARMON KONG
Founding Principal and Chief Wealth Manager
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RIAs Find Their Models Paying Off

Wealth Managers Report Boom; Duran Sells to Goldman Sachs

By PETER J. BRENNAN

It turns out being a money manager can be a profitable investment itself.

Joe Duran in 2005 co-founded **United Capital Financial Partners Inc.** Last month, he said he'd sell his Newport Beach-based company to **Goldman Sachs Inc.** for an estimated \$750 million.

"It worked out all right—only in America," Duran told the Business Journal after the deal was announced.

Duran will continue to manage the firm, which had \$21.5 billion in assets as of last December and is ranked No. 4 on the Business Journal's listing of Registered Investment Advisers, or RIAs.

The first-ever ranking is based on discretionary assets the companies manage and report to the Securities and Exchange Commission.

Forty-seven companies made our cutoff of \$500 million assets under management, or AUM. Eight of these have headquarters elsewhere.

The Business Journal ranked firms' assets companywide not by local office, which are often not broken out by firms. More assets also indicates more in-house experts on topics like taxes and inheritances.



Duran: sold RIA for \$750M

About a hundred OC-based RIAs didn't make the list; their AUM were under \$500 million, SEC filings show.

The list includes a separate category on nondiscretionary assets that the companies don't manage and sometimes include in their assets under advisement, known as AUA.

OC employment for those on the list has climbed 3.2% over the past year to 815. That figure includes 293 RIAs, a 2.8% boost from a year ago.

Actual returns by RIAs can be tough to measure due to clients' investment strategies and risk-tolerance. A rough proxy for RIA health can be growth in assets, which considers funds flowing into a firm and appreciation of stocks, dividends and bonds. AUM growth can also come by acquisition; some OC-based RIAs are rolling up smaller firms and becoming giants themselves, including United Capital.

RIA World

RIAs often say their fiduciary obligation to

consider client interests first when dispensing advice gives them an advantage over brokerage houses, which often handle stock trades and can sell supplementary products like insurance (see separate list, page 26).

The growth of the RIAs is seen by a 20% annualized increase in the past three years—a benchmark timeframe for the industry—to a total of \$229 billion in AUM for companies on the list. Only three listed firms reported a decline.

"The fiduciary model is growing" faster than brokerage houses, said **Harmon Kong**, who co-founded **Apriem Advisors** in 1998. "The RIA industry is gaining momentum."

No. 42, Irvine-based Apriem, saw assets climb to \$697.4 million, an annualized 17% growth from December 2015. Kong attributed growth to referrals, a "great team" and a focus on women and retired industrial workers as clients.

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|-----------------|----------------|-----|-----|---|-------------|---|
| \$697.4 million | \$52 million | 10 | 16 | 1 | Apriem Inc. | Harmon Kong |
| \$431.1 million | \$21.5 million | 11% | 14% | 3 | Irvine | chief wealth manager/founding principal |
| 17% | 142% | | | | | (949) 253-8888 |

