Michael Cole in Ascent's San Francisco office, adorned with an Andy Warhol portrait of actor John Wayne

1 MANAGING WEALTH

MICHAEL COLE'S ASCENT PRIVATE CAPITAL, WHICH WAS THE SECOND-FASTEST-GROWING FIRM IN OUR ANNUAL RANKING OF FAMILY OFFICES, IS ONE OF A NEW BREED OF ADVISERS BATTLING TO MANAGE SILICON VALLEY FORTUNES.

BY ANTHONY EFFINGER | PHOTOGRAPHS BY JASON MADARA

COURTING THE NEW RICH

KAREN McNEILL,

Ph.D., used to teach history at the University of California, Berkeley. In June, she took a job as head of family history with Ascent Private Capital Management, a new unit of U.S. Bancorp that manages the affairs of ultrawealthy families.

McNeill's job is to help Ascent's clients discover their pasts, skeletons and all, and gain perspective on their Gatsby-sized fortunes. The job is the creation of Michael Cole, Ascent's president, who's determined to make Minneapolis-based U.S. Bancorp, the fifth-largest U.S. lender, a contender in the market for high-end financial services.

Cole, 53, and McNeill are based in San Francisco, where Ascent has one of its five offices, all decorated in white, and all inspired by Apple Inc. stores and Virgin America Inc. aircraft cabins. "They're designed to appeal to the new billionaire," Cole says after a tour of the firm's 21st-floor suite overlooking San Francisco Bay.

Ascent was the second-fastest-growing money manager in the world catering to wealthy families in 2012. It boosted assets under advisement 96 percent, excluding transfers from within the bank, to $4.4 billion, according to BLOOMBERG MARKETS' annual ranking of family offices. The firm is pursuing people who have made new fortunes. About 60 percent of Ascent's clients are wealth creators and their families, Cole says—though he also has heirs to musty old fortunes.

To be an Ascent client, you must have $50 million. Unlike other wealth managers, Cole will count the value of your closely held business in that figure. "I want to talk to the family business owner five years before he's even thought about going public," Cole says. "I want to get to him before Goldman Sachs does. If I can build the relationship with him then, then I'm already going to own that guy when it's the time."

Ascent's San Francisco office—the others are in Cincinnati, Denver, Minneapolis and Seattle—is in a region that hatches tech millionaires and billionaires like cicadas after each initial public offering. Unlike the hyperwealthy from other industries, executives at companies such as Facebook Inc. and LinkedIn Corp. tend to be young, busy and nowhere near ready to talk about retirement and trust accounts, Cole says. "When you're dealing with a tech billionaire, it's almost like dealing with a pro athlete," he says. In mid-July, Cole was helping one figure out whether to buy or lease a private jet.

■ CV Advisors was founded in 2009 by, from left to right, **Matthew Storm**, **Alex Mann** and **Elliot Dornbusch**.

The fastest-growing family office made the BLOOMBERG MARKETS ranking by wooing rich Latin Americans. CV Advisors LLC, based in Miami, is run by Elliot Dornbusch, a one-time builder of high-rise residential and office towers in Venezuela, and his partners, Alex Mann and Matthew Storm. Dornbusch has played charity poker with the likes of hedge-fund manager James Simons, founder of Renaissance Technologies LLC. CV's assets grew 100 percent in 2012 to $2.5 billion. The new money came from just six families, Dornbusch says, all referrals. "We spend a lot of time with the families before they become clients to make sure they become the right clients," Dornbusch says.

Competition for the new rich is tough. Investment firms such as Iconiq Capital LLC and Seven Post Private Investment Office LP, both based in San Francisco, cater to the same clients as Ascent. Iconiq, founded by a group that included former Goldman Sachs Group Inc. executive Divesh Makan, manages money for early Facebook employees, according to two people familiar with the firm. Its 31-member staff oversees $5 billion for 200 clients, according to a filing with the U.S. Securities and

Exchange Commission. Seven Post, also run by Goldman alumni, manages $3.2 billion, according to the SEC.

Iconiq spokesman Paul Kranhold at Sard Verbinnen & Co. declined to comment, as did Eldridge Gray, a founder of Seven Post.

One firm has a big jump on the competition in Silicon Valley. CTC Consulting/Harris myCFO, based in Chicago with offices in Palo Alto, has been courting tech billionaires since 1999, when Netscape Communications Corp. cofounder Jim Clark started myCFO as an online service. In 2002, Clark sold the firm to Montreal-based BMO Financial Group, which merged it into its Harris Private Bank. CTC Consulting/Harris myCFO, the firm's new name as of July, retains almost all the wealthy entrepreneurs it originally recruited, President John Benevides says, and is adding more. Ranked No. 7 in the BLOOMBERG MARKETS list, the firm grew assets 6 percent last year. "There is something about being in and of the Valley," Benevides says.

Family offices around the globe are booming because they're on the right side of the supply-demand equation. The number of people in the world with at least $1 million of investable assets—excluding their primary residence and collectibles—rose 9.2 percent to a record 12 million in 2012, according to an annual report by Capgemini and RBC Wealth Management. Assets held by the rich grew 10 percent to $46.2 trillion, driven by gains among people with $30 million or more. The number of millionaires in North America rose 11.5 percent to 3.73 million, making it the region with the most growth.

Mark Haranzo, a lawyer at Withers Bergman LLP in New York, who handles legal issues for wealthy families, sees the rich continuing to get richer. He says he took his son to a car show in Connecticut recently. "What was more amazing than the cars in the show were the cars in the parking lot," he says. Among them: a Ferrari 250, a model the company stopped making in the 1960s. One sold for $16.4 million in 2012.

THE RICHEST FAMILY OFFICES

	FIRM NAME > MAIN OFFICE LOCATION(S)	AUA, IN BILLIONS*	YOY % CHANGE	NUMBER OF FAMILIES	
1	**HSBC Private Wealth Solutions** > HONG KONG	**$137.3**	**11**	**340**	
2	Northern Trust > CHICAGO	112.0	23	3,457	9
3	Bessemer Trust > NEW YORK	77.9	25	>2,200	8
4	BNY Mellon Wealth Management > NEW YORK	76.0	18	400	
5	Pictet > GENEVA	57.3	0	>50	
6	UBS Global Family Office > ZURICH, LONDON, SINGAPORE, HONG KONG, NEW YORK	47.5	27**	NA	5
7	CTC Consulting | Harris myCFO (BMO Financial) > CHICAGO	35.0	6	312	
8	Abbot Downing (Wells Fargo) > MINNEAPOLIS	32.2	5	594	
9	U.S. Trust (Bank of America) > NEW YORK	31.1	5	162	
10	Wilmington Trust (M&T Bank) > WILMINGTON, DELAWARE	24.6	–23	436	
11	Hawthorn (PNC Financial) > PHILADELPHIA	23.1	8	>580	
◇	Rockefeller & Co. > NEW YORK	23.1	10	259	
13	Glenmede > PHILADELPHIA	21.4	7	211	
14	Atlantic Trust (Invesco) > ATLANTA	19.5	9	2,296	
15	GenSpring Family Offices (affiliate of SunTrust Banks) > JUPITER, FLORIDA	15.8	–5	442	
16	Veritable > NEWTOWN SQUARE, PENNSYLVANIA	11.3	10	203	
17	Silvercrest Asset Management > NEW YORK	10.6	4	365	
18	Oxford Financial Group > CARMEL, INDIANA	10.4	3	232	
19	Whittier Trust > SOUTH PASADENA, CALIFORNIA	8.9	16	290	
20	Commerce Family Office > ST. LOUIS	8.8	35	79	4
21	ATAG Private & Corporate Services > BASEL, SWITZERLAND	8.0	8	50	
22	Tiedemann Wealth Management > NEW YORK	7.5	15	96	
23	TAG Associates > NEW YORK	7.0	3	103	
24	Spudy & Co. Family Office > HAMBURG	6.6	27	80	5
25	Bedrock > GENEVA	6.0	20	70	10
26	BBR Partners > NEW YORK	5.8	14	75	
27	1875 Finance > GENEVA	5.1	0	5	
28	Bollard Group > BOSTON	5.0	0	8	

KEY: FIRMS WITH GREATEST YEAR-OVER-YEAR GROWTH | RANK ACCORDING TO YOY GROWTH

*Assets under advisement as of Dec. 31.
**Includes transfers from within the bank.
NA = not available. Source: Bloomberg

THE RICHEST
FAMILY OFFICES

	FIRM NAME > MAIN OFFICE LOCATION(S)	AUA, IN BILLIONS*	YOY % CHANGE	NUMBER OF FAMILIES	
29	FS Finance Suisse > ZURICH	$4.8	19	11	
◇	Laird Norton Wealth Management > SEATTLE	4.8	7	416	
◇	myCIO Wealth Partners > PHILADELPHIA	4.8	6	529	
32	Ascent Private Capital Management (U.S. Bancorp) > MINNEAPOLIS	4.4	96	60	2
◇	Ballentine Partners > WALTHAM, MASSACHUSETTS	4.4	10	73	
◇	Constellation Wealth Advisors > NEW YORK	4.4	5	150	
35	Athena Capital Advisors > LINCOLN, MASSACHUSETTS	4.3	27	21	5
◇	Baker Street Advisors > SAN FRANCISCO	4.3	19	40	
37	Synovus Family Asset Management > COLUMBUS, GEORGIA	4.1	6	35	
38	Federal Street Advisors > BOSTON	4.0	5	27	
39	Clarfeld Wealth Strategists & Financial Confidantes > TARRYTOWN, NEW YORK	3.9	7	350	
◇	Gresham Partners > CHICAGO	3.9	5	67	
◇	Presidio Group > SAN FRANCISCO	3.9	7	125	
42	Aspiriant > LOS ANGELES	3.7	6	74	
43	Tolleson Wealth Management > DALLAS	3.5	46	105	3
44	Marcuard Family Office > ZURICH	3.4	–12	42	
◇	St. Louis Trust > ST. LOUIS	3.4	16	40	
46	Signature > NORFOLK, VIRGINIA	2.9	–18	56	
47	SandAire > LONDON	2.7	–1	15	
◇	Vogel Consulting > BROOKFIELD, WISCONSIN	2.7	7	23	
49	CV Advisors > MIAMI	2.5	100	41	1
◇	Matter Family Office > ST. LOUIS	2.5	7	147	

KEY: FIRMS WITH GREATEST YEAR-OVER-YEAR GROWTH; RANK ACCORDING TO YOY GROWTH

*Assets under advisement as of Dec. 31. Source: Bloomberg

The two fastest-growing firms—a big bank and an independent—exemplify the tussle that's going on as nonbank wealth managers try to wrest more money from the banks. The independent firms argue that banks just want to sell financial products and earn fees, not preserve a clan's wealth with shrewd tax strategy, investments and education.

"We want to be all things to some people," Paul Tramontano, founder of Constellation Wealth Advisors LLC, said at a family office conference at the Harvard Club of New York City in June. New York–based Constellation tied Ascent and Waltham, Massachusetts–based Ballentine Partners LLC for 32nd in the ranking, with $4.4 billion.

The big banks still dominate. The No. 1 firm in the ranking, HSBC Private Wealth Solutions, based in Hong Kong, boosted assets 11 percent in 2012. Its 340 families had $137.3 billion of assets. No. 2 is Chicago-based Northern Trust Corp., whose 3,457 families had $112 billion, up 23 percent.

Institutions like U.S. Bancorp are trying to offer all the services of a big bank, combined with the personalized touch of a small firm. Wells Fargo & Co. last year started Abbot Downing (No. 8 in the list, with $32.2 billion), a luxe wealth management unit with a posh-sounding name. Like Ascent, it has a group of historians on staff. One specializes in genetic and medical histories, which can reveal vulnerabilities like the one that prompted actor Angelina Jolie to have a double mastectomy this year.

"The banks try to disguise themselves as smaller boutiques," says Haranzo, the New York lawyer. "You can't blame them. It adds a certain cachet." The challenge for family offices is offering the services wealthy families want and making money on them, he says.

Money management works as a business because there are economies of scale. Managing $1 billion in a stock portfolio doesn't take 10 times as many people as managing $100 million. In the family office business, adding clients means adding people. "Your clients are very demanding, and they beat you up on fees," Haranzo says. One of his called him on a recent Sunday morning looking for an attorney to handle a drunken-driving charge for his kid, he says.

Cole has his own solution to the profit problem. He requires clients to pay Ascent at least $200,000 a year. Some don't keep any money at Ascent and instead use its softer services. Dr. Kristen Armstrong, one of the staff psychologists, in June led a seminar for a group of siblings who had recently sold a business and had to figure out how to handle the sudden wealth. Armstrong used Real Colors, a gamelike activity that's designed to reveal people's temperaments.

Cole, a Mel Gibson look-alike who helicopters into the Canadian Rockies to ski deep powder, himself comes from wealth. His father was an entrepreneur who became the head of a textile company in Connecticut. Cole grew up in the affluent enclave of Westport and earned a bachelor's degree from Emory University in Atlanta. Later, he ran the trust company at Merrill Lynch & Co. He joined Wells Fargo in 1998 and worked his way up to head of the family wealth unit.

Cole left Wells Fargo in April 2010 after a disagreement over strategy. And he hit the streets without lining up another job. "I had no idea what I was going to do," he says. So the father of twins, who are now 13 years old, spent six weeks in Brazil, where he fished for piranhas and ogled waterfalls. When he returned, he heard that U.S. Bancorp was looking to enhance wealth management. Cole had a vision, and he had to sell it to CEO Richard Davis. "I said, if we're going to do this, we have to do it right," Cole explains. "We can't nickel-and-dime it."

Davis isn't one for glitz. In conference calls, he routinely describes U.S. Bancorp and its performance as "boring." Once, last year, he tripled down, calling it "boring, boring, boring." He backed Cole's idea, however, because he could afford it. U.S. Bancorp sailed through the financial crisis, having shunned the subprime mortgages and other dicey assets that crippled competitors. Its shares returned 53.1 percent in the two years ended on July 8 compared with 27.8 percent for the Standard & Poor's 500 Index.

Since Cole arrived, Ascent has hired 80 people and built five offices. The one in San Francisco is hung with original works of art by Andy Warhol, Jasper Johns and Roy Lichtenstein, all on loan. There's a room where kids can hang out while parents talk to Ascent staff. It has a couch and a white beanbag chair—to match the overall decor—an Xbox video game console and board games that teach wealth preservation.

The offices of CV Advisors, by contrast, have none of that. They're all dark veneer and carpet, inside an unremarkable building north of downtown Miami.

Dornbusch, 39, was born in Colombia and raised in Venezuela, where his father was a builder. After earning a Master of Business Administration at Babson College in Wellesley, Massachusetts, in 1998, Dornbusch went back to Venezuela and started a real estate development company. He sold his buildings and moved to Miami in 2002, after concluding that then–Venezuelan President Hugo Chavez was bad for business. He started a family office to manage his own money.

'WE WERE ABLE TO PROTECT A LOT OF CAPITAL,' CV ADVISORS' DORNBUSCH SAYS. 'OUR BASIC ASSUMPTION IS THAT WE DISTRUST EVERYBODY.'

Dornbusch says his wealthy friends were impressed when he penned an article for *South Florida CEO* magazine in October 2007 saying that trouble in the subprime-mortgage market would lead to a full-blown credit crisis. Soon, they were wiring him money to manage. "We were able to protect a lot of capital," he says. "Our basic assumption is that we distrust everybody."

Unlike Ascent, CV Advisors focuses on money management. Dornbusch invests mostly in investment-grade corporate bonds with short maturities, to protect against rising interest rates.

The two firms' aim is the same, which is helping wealthy families avoid the fate that befalls most of them: having their children or grandchildren blow the inheritance. James "Jay" Hughes, a lawyer and author of several books on wealth management, says 85 percent of rich clans have lost their money by the third generation. In 90 percent of cases, he says, fortunes disappear because families don't communicate and can't make decisions. Hughes, 70, is such a fan of Cole's investment in historians and psychologists that he joined an Ascent advisory board. "It's a noble experiment," he says.

Ascent is slated to open its sixth—and last, for now—office in San Diego early next year. Cole's hope is that a new crowd of multimillionaires will come knocking at its door.

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HOW WE CRUNCHED THE NUMBERS

Our ranking is based on data compiled by Bloomberg from information self-reported by multifamily offices. The list was assembled through research by the Bloomberg Rankings team via a survey of more than 1,000 firms worldwide, using a database of contacts obtained from Portland, Oregon–based Family Offices Group. We received responses from 118 firms.

In some cases, firms revised the 2011 figure that was published in last year's ranking; the new figure was used to calculate year-over-year growth for 2012.

Single-family offices are excluded. Family offices that are part of private banks are included if the bank has a unit that offers direct and comprehensive investment and noninvestment services to high-net-worth families. Figures for assets under advisement include only assets managed by the family-office unit of the bank. For nonbank family offices, AUA includes wealth directly managed by the offices and funds outsourced to money management firms. Money managed for private foundations is included. Money managed for pension funds is excluded. Insurance policies and trusts on which advice is provided are included.

The ranked firms provide both investment and noninvestment services. The latter may include family meetings, financial education, art consulting, estate planning, family governance, foundation management, business consulting, property management, travel arrangement and shopping assistance.

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