



2024  
**ADVISOR  
SUMMIT**

Jan 23-25 • Houston, TX







# 7-year Business Plan ACTION PLAN

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Hosted by: Paul Larson







***“Whether you think you can, or you think you can’t - you’re right.”***

- Henry Ford





# Transforming Ideas to Action

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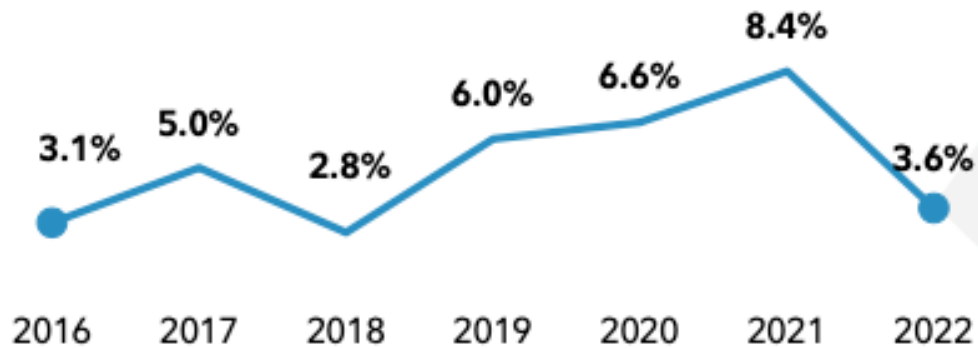
- What expectations should I set for 2024 growth goals?
- What is the marketing telling us?



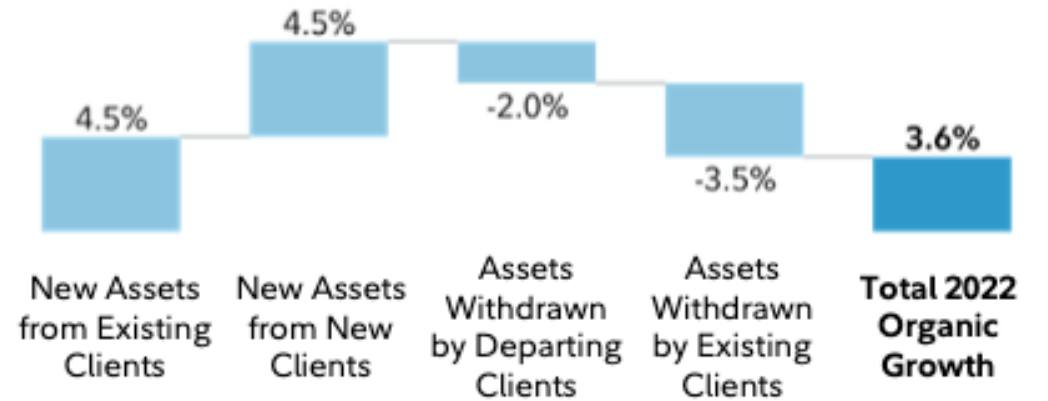


# Expectations for 2024 Growth Goals?

## AUM \$1B+ Firms



## 2022 Composition of Organic Growth





# What is the market telling us?

- I don't want to pay estate taxes
- I need a way to eliminate capital gain taxes
- Investors want alternative investments
- Estate planning is a top priority



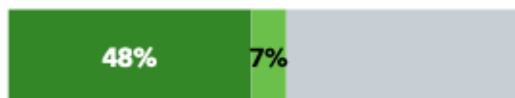
# Offering: Alternatives

More firms are offering alternative investments, but there is still a wide gap in the number of accredited investors using them

**LIQUID ALTERNATIVES** (Strategies in a Mutual Fund or ETF structure such as Real Estate, Commodities, Hedging Strategies)

- Currently offer
- Plan to offer in future
- Don't offer and don't plan to

## AUM <\$1B Firms



% of firm AUM: 10%  
% clients using: 70%

## AUM \$1B+ Firms



% of firm AUM: 8%  
% clients using: 30%

## Insights

- Portfolio diversification and potential for higher returns are driving firms to offer alternatives to investors, especially larger firms.
- Investors with small firms are more likely to invest in liquid alternatives than investors with large firms.
- Only a small fraction of accredited investors have exposure to illiquid alternatives, indicating significant growth potential.

**ILLIQUID ALTERNATIVES** (e.g., private equity, real estate, hedge funds)

- Currently offer
- Plan to offer in future
- Don't offer and don't plan to

## AUM <\$1B Firms

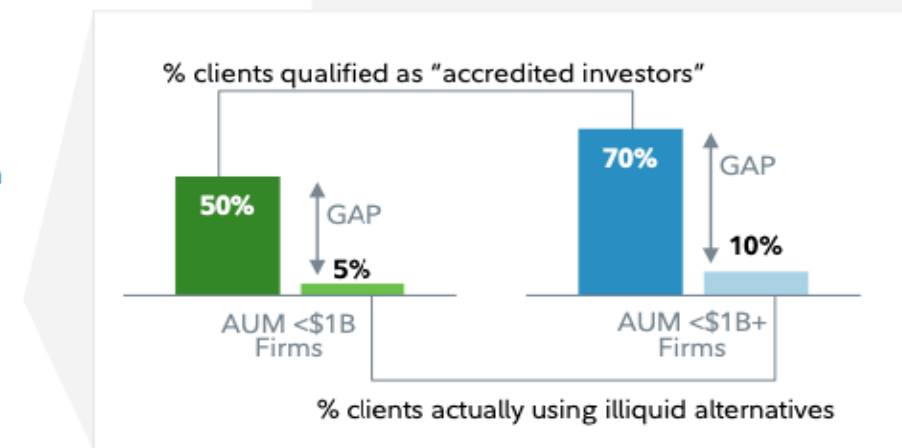


% of firm AUM: 3%

## AUM \$1B+ Firms



% of firm AUM: 7%



Diversification does not ensure a profit or guarantee against a loss.  
 Note: Percentage of "firm AUM," "clients using," and "accredited investors" is median.  
 For institutional or investment professional use only.  
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# Offering: Direct Indexing

Though not widely offered, adoption of direct indexing by RIAs is on rise

## DIRECT INDEXING

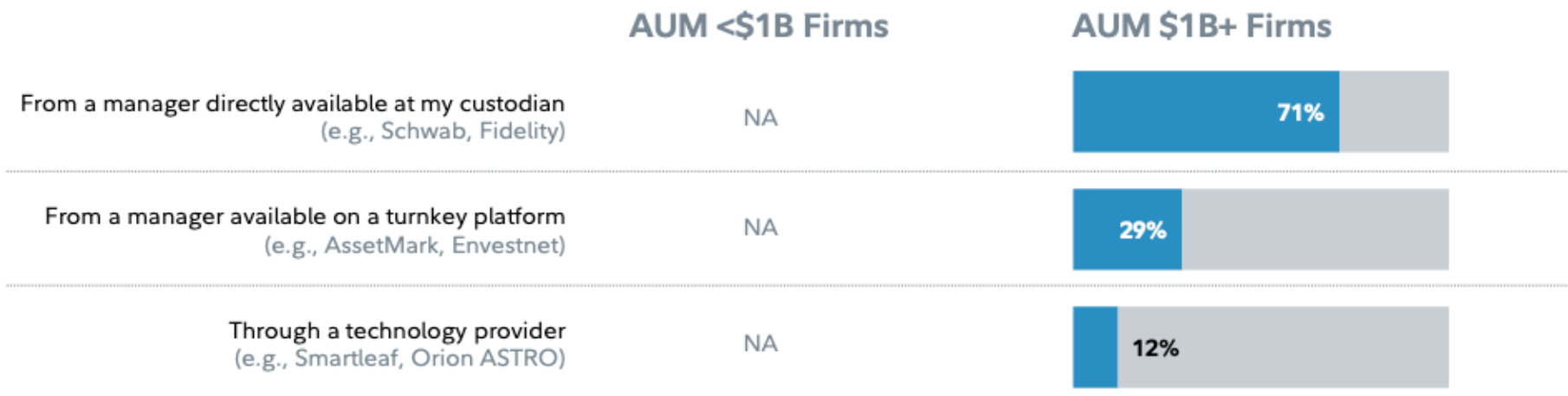
- Currently offer
- Plan to offer in future
- Don't offer and don't plan to



## Insights

- Although only a tenth of small RIAs offer direct indexing right now, twice as many are likely to offer it in future.
- Over a third of large RIAs are already offering direct indexing, and more plan to offer it in future.
- Over two-thirds of firms look to their custodian to provide the solution, followed by turnkey platforms.

## DIRECT INDEXING SOLUTION PROVIDERS USED (percentage of firms)



NA: Data unavailable due to insufficient sample.  
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# Opportunity Zones

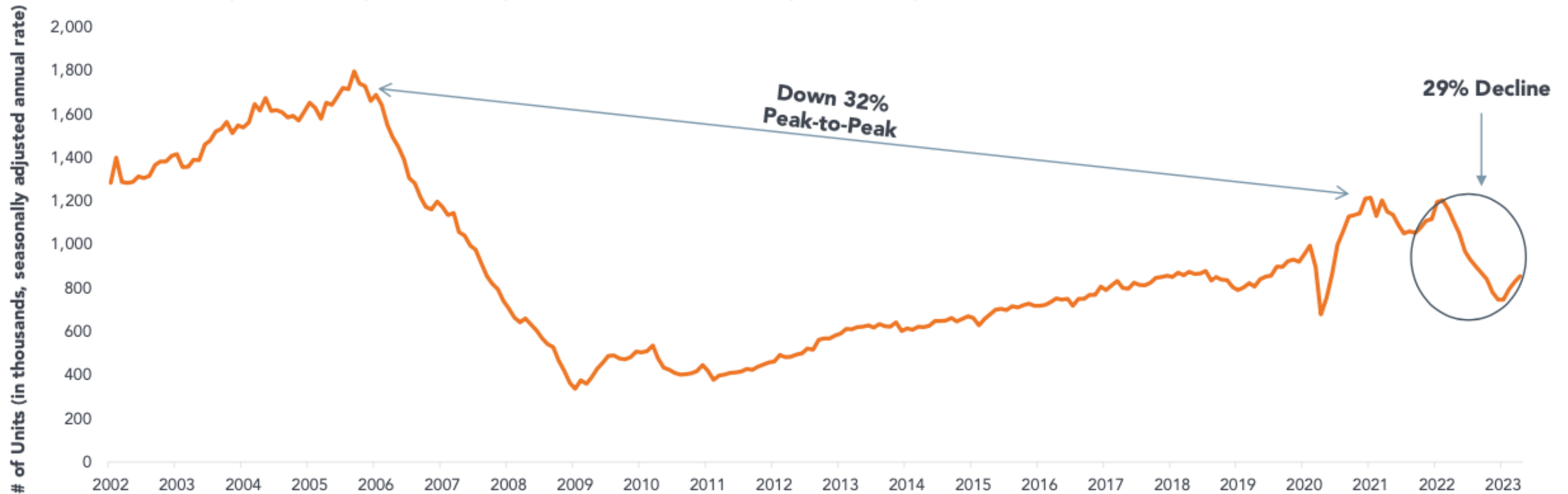
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1. Speed to deploy funds expedites the return of capital
2. Housing is most logical sector with greatest demand



# Homebuilder Sentiment is Bearish

## Single-Family Housing Permits Dropping Quickly and Never Recovered From Peak

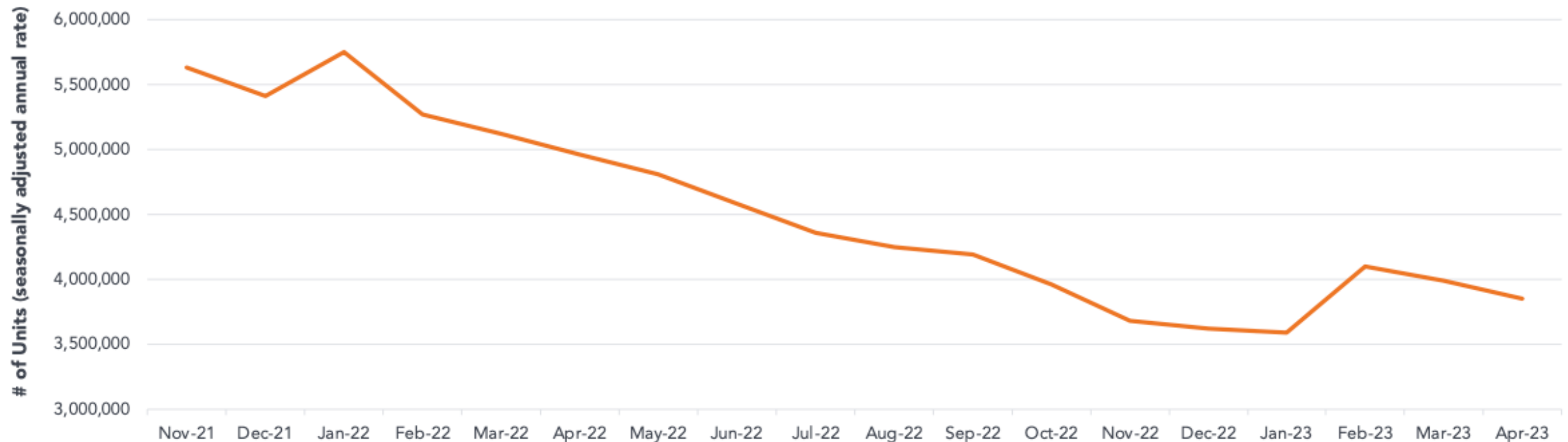


For illustrative purposes only. Past performance is no guarantee of future results.

Source: <https://fred.stlouisfed.org>. As of March 31, 2023.

# Pool of Homebuyers Shrinking

## Existing Home Sales Plummeting – Hard to Buy and Hard to Move



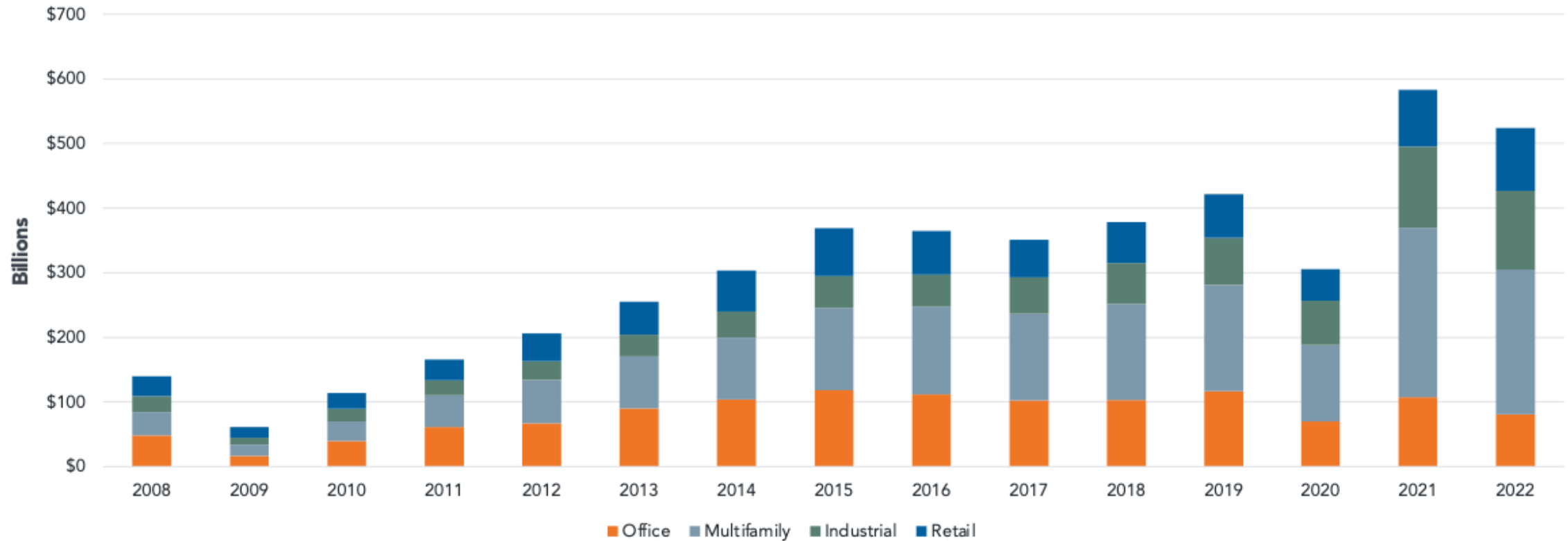
For illustrative purposes only. Past performance is no guarantee of future results.

Source: <https://fred.stlouisfed.org>. As of April 30, 2023.



# Transaction Volume

## Transaction Velocity Slowing, But Multifamily in the Lead

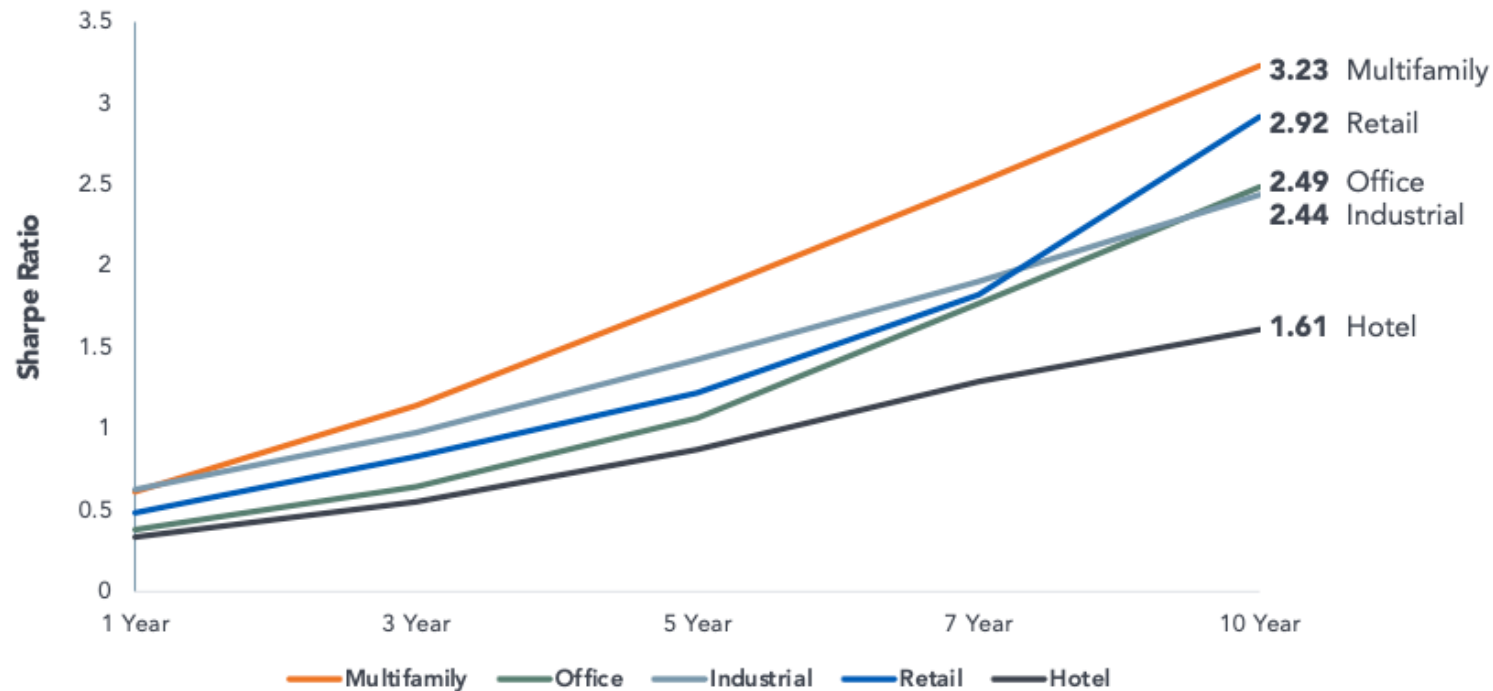


Source: CoStar

# The Real Estate: Multifamily

Attractive historical risk-adjusted returns\*

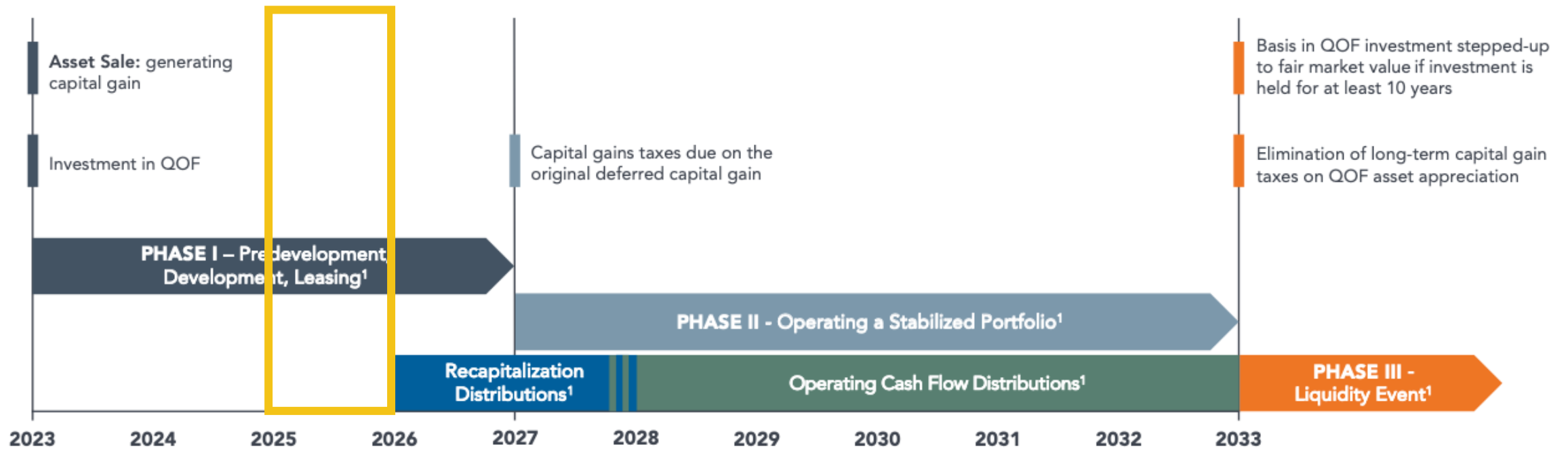
Comparison of Sharpe Ratios Over Rolling Hold Periods  
by Property Type (1990-2023)



**Sharpe Ratio:** A ratio used to compare risk-adjusted returns, which shows an investment's excess return (above the risk-free rate) per unit of risk (standard deviation). The higher the ratio, the better the risk-adjusted return. The average three-month U.S. Treasury T-bill yield was used as the risk-free rate in this analysis.

**Source:** Calculations based on returns of the National Council of Real Estate Investment Fiduciaries (NCREIF) Property Index through March 31, 2023.

\* Returns were calculated as the average for each specified holding period on a rolling quarterly basis between 4Q 1990 and 1Q 2023.



*This information should not be construed as tax advice. Certain exceptions may apply. Investors should consult with their own tax advisors to determine their individual benefits in a QOF investment.*

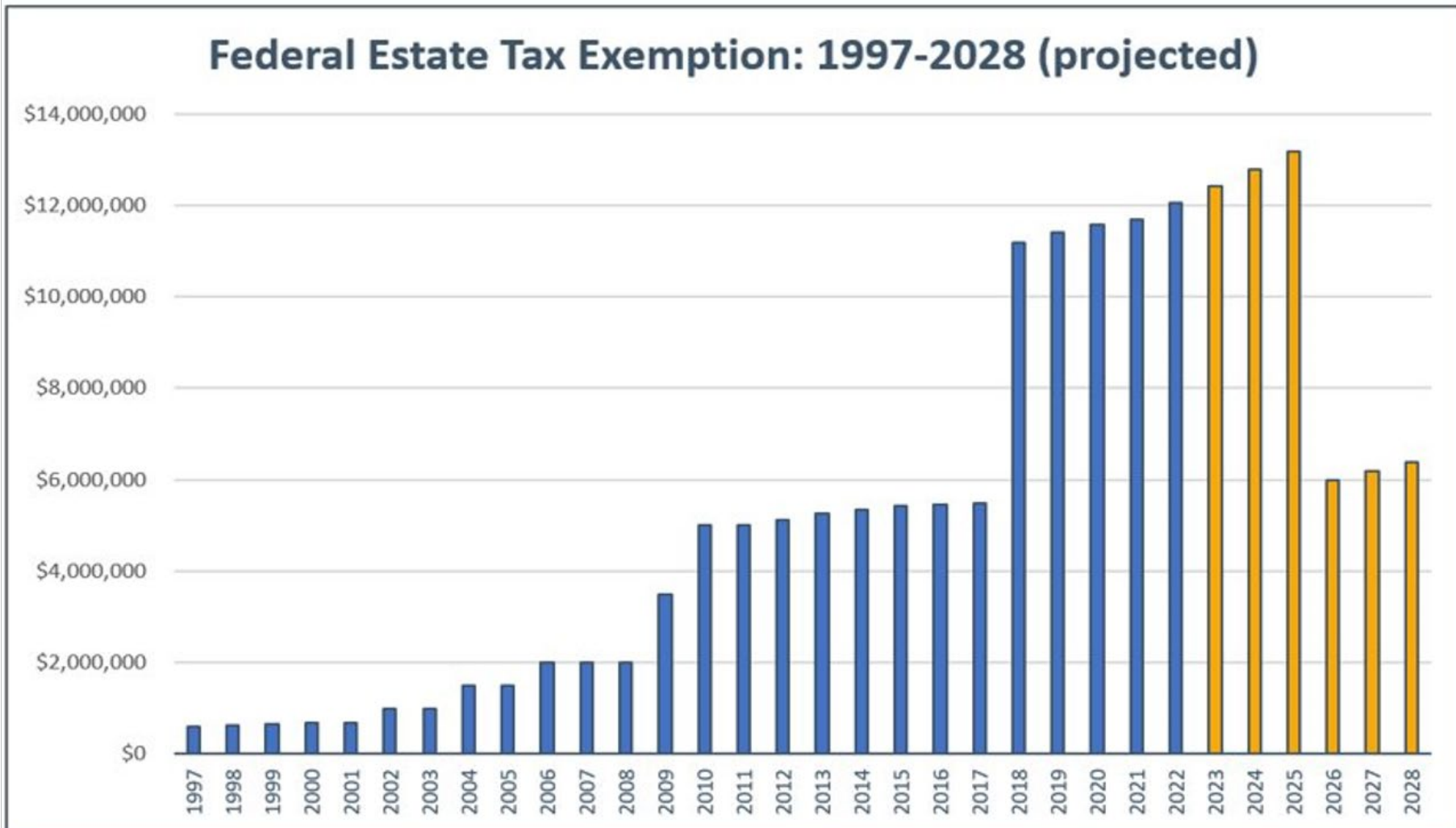


- The timeline provided above assumes no Inclusion Events by the Fund or the investor. These tax benefits are applicable to federal and most state taxes, however, some states have not conformed to this federal legislation.
1. These timelines are hypothetical in nature and do not reflect any actual QOF investment. Actual timelines of a QOF investment may differ materially. QOF investments are subject to various risks that should be reviewed carefully before investing. The ability of an actual QOF investment to achieve stabilization or pay recapitalization and operating cash flow distributions depends on the performance of the investment and may not occur.





# Estate Planning



Assumes 3% inflation, exemption reduces to \$6 million in 2026





# So, where to go from here?

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# Equation for Change







# Next Session starts at 10:45a

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“Case Cup Winning Strategy”  
Hosted by: Colin Wiens







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