



First Ascent Asset Management

# THE WHY, HOW, AND WHAT OF FIRST ASCENT

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[firstascentam.com](http://firstascentam.com)

What gets your engine revved up in the morning? What propels you through the day full of enthusiasm even in the face of great obstacles? What keeps your wheels spinning, generating new ideas and creating new solutions? What drives you forward? What is your “why?”

In 2009, Simon Sinek wrote a book, “Start with Why.” The book sold over 1 million copies and the associated TED Talk was, at one point, the third most watched talk of all time. The reason is clear. The book lays out a simple, but powerful concept that has great utility.

Sinek observes that most individuals and organizations think of themselves in terms of what they do, and they can easily describe themselves in those terms. Some think a bit more deeply and can describe how they do what they do. But only a few exceptional people and organizations think about and define themselves in terms of why they do what they do.

This is an exciting idea. Rather than explaining First Ascent in terms of its features, benefits, and points of differentiation, Sinek’s concept calls for self-reflection. It demands that we get in touch with the passion underlying our firm’s creation and identify what motivates us every day.

Let’s look at why First Ascent exists and how our “why” has shaped our firm.

## *Why—Changing a Little Corner of the World*

We want to be a positive force of change in the financial services industry. We do that by:

- making quality investment management services available to investors at a fair price
- serving front-line fiduciaries through innovation, education, and partnership
- reinventing the TAMP business model for the benefit of clients and their advisors

## *The Why Behind Our Why—Clients Need Help*

What we are doing is important because the financial security of Americans is in question:

- 33% of American adults have nothing saved for retirement
- half of households over age 55 have no retirement savings such as a 401(k) plan or IRA
- among households age 55-64 with retirement savings, the median saved is \$104,000
- 44% of Americans don’t have enough cash on hand to cover a \$400 emergency
- Social security provides most of the income for half of the households 65 and older

Most Americans are unlikely to solve this problem through their own efforts. An SEC study published in 2012 found that “US retail investors lack basic financial literacy,” “have a weak grasp of elementary financial concepts,” and “lack critical knowledge.”

A recent survey found that nearly half (44 %) of all Americans believe they are extremely or very financially literate. However, fewer than half passed a basic financial test, and only 6% scored an “A” grade of 90% or better. Investors don’t lack intelligence. They’ve simply never received the education necessary to secure their own financial futures.

The public needs guidance, but lacks trust in the financial services industry. A 2018 Edelman survey found the industry was the least trusted in consumer’s eyes. A 2019 RealClear Opinion Research survey found that 45% of Americans think Wall Street and investment firms actually make it harder for them to achieve the American Dream.

## Real Fiduciaries—*The Best Answer for the American Investor*

There is good news on the horizon. A growing number of financial advisors are taking concrete action to bring about change by putting the interests of their clients before their own. They view the financial services industry as a helping profession that should be devoted to serving the needs of clients. They take their fiduciary obligations seriously.

But fiduciary advisors need help too. Depending on which study you consult, advisors spend only 48% to 55% of their time in client-facing activities. They spend somewhere between 17% and 24% percent of their time on investment management related activities.

These figures illuminate two problems. First, advisors are constrained in the amount of time they can serve and prospect for clients. This limits both the quality of the service they can provide and the effort they can put into growing their businesses. Second, they are spending relatively little time managing client portfolios. Is this effort sufficient? Are they adding value?

Many advisors address these issues by outsourcing some or all of their investment management responsibilities. In a recent Fidelity study, advisors reported that outsourcing helped them save time (77%), increase productivity (66%), optimize efficiency (57%), and focus more time on clients (53%). Obviously, outsourcing can make a difference.

## How We Fit In—*Accomplishing Our Why*

TAMPs allow advisors to outsource their portfolio management responsibilities to specialists. Theoretically, this should give advisors more time to focus on serving and prospecting for clients. It should also ensure a higher quality of portfolio management than advisors might be able to provide on their own. Unfortunately, TAMPs don’t always deliver on these benefits.

There are many reasons for this. Many TAMPs are built on legacy technologies that prevent them from fully delivering the efficiencies that are now possible. Others don’t have the expertise to provide a quality investment management offering. Some simply don’t understand advisors or how to support them. Others have grown too large and have lost the passion they had in their earlier days. Their focus has drifted to their own bottom lines.

We built a TAMP specifically designed to maximize the benefits of the TAMP business model for fiduciary advisors. We questioned every aspect of the traditional business model and reshaped and reinvented it to better serve advisors who truly put their clients' interests first.

Our ideas allowed us to build a firm that we believe is different from, and better than, other TAMP offerings. Others seem to agree:

- We are 10-time finalists and 3-time winners of WealthManagement.com Industry Awards. (TAMP (2018), ETF Strategist (2019), CEO of the Year—Asset Managers (2021))
- We've been ranked by advisors as the #1 TAMP and #1 Online Portfolio Management Tool 2 years in a row in the T3/Inside Information Advisor Software Survey (2020, 2021).
- We won a ThinkAdvisor Luminaries Award in 2021.
- We won the Investments & Wealth Institute's 2019 Governance Insight Award.
- Industry guru, Bob Clark, referred to First Ascent as a "Glimpse into the Future."

## *What—Execution and Responsiveness are the Keys to Success*

As always, the devil is in the details. Here are some of the ways in which we help investors, support advisors, and generally improve the TAMP business model.

### *Portfolios*

The world has fallen in love with complexity and mistakenly equates it with sophistication. We believe that complex portfolios rarely deliver on their promise. Instead, we agree with Leonardo da Vinci that "simplicity is the ultimate sophistication."

All our portfolios use an "elegantly simple" approach to portfolio construction that seeks to minimize the number of portfolio holdings, limit trading, and keep internal expenses low. We control these factors to give our clients a long-term performance edge. Using this approach, we have built five different series of portfolios to accommodate a wide range of advisor and client needs and preferences:

**Global Explorer** portfolios combine active and passive strategies in a core plus satellite structure for advisors who want to give clients the benefits of both styles of management.

**Global ETF** portfolios are designed for advisors whose clients would benefit from a passively managed, low cost portfolio with broad global diversification.

**ESG Global Core** portfolios emphasize investments that make a positive impact across a range of environmental, social, and corporate governance issues.

**Factor Select** portfolios are for advisors who prefer factor-based strategies, but seek the benefits of a diversified, multi-factor approach that uses ETFs.

**Dimensional Select** portfolios are for DFA-approved advisors who prefer factor-based strategies consisting solely of mutual funds managed by Dimensional Fund Advisors.

We also provide customized portfolio management services and manage a number of specialty portfolios to meet a wide range of advisor/client needs.

### *Investment Committee*

Our investment committee consists of six members. Two members are full-time employees of First Ascent and four are independent. The committee includes four CFA charter holders, a Ph.D. economist, and a CFP®/CIMA/CAIA.

We wanted a majority of our committee members to be independent to avoid two problems that are common to traditional investment committees. First, we did not want our committee to be dominated by a self-appointed guru who monopolizes the deliberative process. Second, we wanted to avoid group-think and instead foster a culture of diverse perspectives.

### *Pricing*

We introduced flat-fees to the asset management industry. There are plenty of financial advisors who have adopted flat-fee pricing, but no asset managers. We changed that.

We believe our approach to fees has the following merits:

- It's fair
- It's logical
- It's transparent

Our fees make advisors look like heroes because they can deliver clients a tangible benefit year after year in the form of reduced fees, while helping clients keep more of what they earn.

Our fees are especially good for flat-fee advisors, who now have an outsourcing partner whose approach to pricing is consistent with their own. They also work well for advisors who want to incorporate TAMP fees into their own fees because of their low, invariable nature.

Our fees help advisors meet their fiduciary obligation to put the interests of their clients first.

### *A High-Tech, High-Touch Service Model*

There are two significant benefits of outsourcing to an expert like First Ascent. The first is the amount of time saved. The second is the additional resources gained through the relationship. We help maximize these benefits through the intelligent use of technology and the dedication of our experienced advisor support team.

Here are some activities we handle that help advisors save time:

- Portfolio construction, management, trading, and rebalancing
- Fee billing for both the advisor and First Ascent
- Help with transfers of assets in-kind and the holding of legacy assets
- Processing of contributions and distributions
- Quarterly performance reporting that is clear and understandable

Advisors who work with us also gain access to:

- Experienced, caring problem solvers who are always available for consultation
- 24/7 online paperless proposal generation and account opening systems
- An online portal that provides advisors with account overview and reporting capabilities
- An online portal for each client that provides comprehensive account information

- Advisor branding and private labeling capabilities that put the advisor in the forefront
- An ongoing program of education designed to help advisors better serve their clients
- Ongoing communications that keep advisors and their clients fully informed

### *Education—The Key to Constant Improvement*

We know we can help fiduciary advisors be more successful, and help their clients too, by providing content that informs, educates, and challenges conventional thinking. For this reason, we devote significant time to an educational initiative we call **First Impressions**.

As members of the financial advisor ecosystem, our goals for the **First Impressions** initiative are:

- Provide objective information about important industry developments and trends
- Help advisors run their businesses more effectively and efficiently
- Help advisors educate their clients about how to behave as a successful investor

**First Impressions** is a multi-media initiative. We distribute content through our website, our YouTube channel, our blog, social media, webinars, industry publications, and newsletters. It has been viewed by thousands of financial advisors and is available to all members of the advisor community, whether they work with us or not.

To date, we have addressed a wide range of topics through educational videos, Master Class webinars, whitepapers, blogs, and over 75 articles that have been published in 10 industry publications. We will continue our efforts to help fiduciary advisors better serve their clients.

## Join Us

We are on a mission to build the best TAMP on the planet to support fiduciary advisors and the clients they serve. We're off to a great start, but there's more to come. The ideas that form the foundation of our firm have been followed by other new ideas that will make us an even better partner for fiduciary advisors going forward.

But it's not the ideas themselves that drive us forward. It's our belief that our ideas will contribute to the success of fiduciary advisors and help secure the financial future of those they serve. The way we see it, if you don't like the world you see, you can learn to live with it, or do something to change it. We want to change it and already have changed a little corner of it.

Along the way, we've been joined by a group of over 100 like-minded RIAs who see the value in what we do and count on us to support their growth and nurture their client relationships. We recognize our responsibility to this growing group and thank them for their support.

For those who haven't worked with us yet, we are building our firm for you too. Please join us and experience an industry-changing TAMP built to serve fiduciary advisors.

For more information about First Ascent please contact us at:

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