

How To Choose An External Asset Manager

By Jamie Vrijhof-Droese



The role of an asset manager is to help you and your family figure out where to best open up bank accounts and how to invest your assets to meet your long-term financial goals.

The value of the asset manager is that they provide you with an objective opinion of where best to put assets that will have the greatest likelihood of financial success. Many people confuse an asset manager with a stockbroker, and then they find themselves playing the public market in ways that work against their goals.

Further, asset managers are not public accountants—it is not their job to manage tax filings or track spending. They are also not attorneys so they will not be able to help you set up asset protection structures.

What they can do, however, is open up their network to you and introduce you to other professionals who offer those kinds of related services. Having said that, there are ways to make sure an asset manager is qualified to do the work needed for proper asset and wealth management.

This article is two-folded. First, we look at some general considerations you should take into account

before you start your due diligence process. Then, we provide you with an overview of specific questions you can ask once you have started looking for an asset manager.

What To Consider Before Getting Started

1. Is This Service Really For Me?

An external asset manager (EAM) makes sense if you are looking for a long-term partner who will manage your money for you, assist you through different stages of your life, and give you independent investment advice. In order to keep their independence, EAMs usually charge a percentage of the assets they manage and refuse to take any other money from third parties.

If this sounds like something you are looking for, the next question you will have to answer is whether you feel comfortable with another person making investment decisions on your behalf.

There are some EAMs that offer "execution-only" services, but usually, the investment mandate is

discretionary, meaning that the asset manager makes the investment decisions after getting to know you and setting up an investment strategy that suits your personal situation.

Lastly, you need to assess whether or not you meet the minimum investment size required to work with such a partner. The specific minimum depends on the EAM, but usually, it is somewhere between US\$250,000 and US\$1 million.

2. Onshore Vs. Offshore

If you have decided that the service of an EAM is for you, you will have to decide whether you would like to work with a partner in the United States or someone offshore. There is also the option of splitting up your wealth and having one asset manager in each location.

The main arguments for working with an offshore EAM are:

- **Home Bias:** Investors often have a tendency to invest the majority of their portfolios in domestic investments, ignoring the benefits of diversifying into foreign equities and bonds. By working together with an offshore asset manager, you can profit from their home bias and local expertise. This can significantly reduce the systematic risk of your overall wealth.
- **Diversification:** By investing in foreign markets, you can reduce your overall volatility since international investments tend to be less closely correlated to domestic investments. For example, an economic

downturn in the U.S. may not negatively affect the Eurozone too dramatically and vice versa.

- **Privacy:** Your wealth, spending habits, and almost every other detail of your financial life are under scrutiny in the US. However, the army of information brokers, which advertise their ability to uncover assets, will not be able to pry information out of an offshore bank. In addition, when someone who wants to sue you discovers that your assets are offshore, they will often pursue an easier target.
- **Protection against a sinking dollar:** Over the years, the value of the U.S. dollar has steadily declined this development is now accelerated with the current high inflation rate. The question, therefore, has to be, how can you protect yourself from the loss in value of your investments? You might think the only option is to trade high-risk foreign currency options and futures. There is a much easier, safer, and more conservative alternative – purchasing shares and bonds denominated in foreign currencies.

There are various options in regard to an offshore jurisdiction. However, Switzerland is one of the most well-known ones. Switzerland has a banking history dating back several hundred years, as well as political stability, safety laws, low indebtedness, and unmatched expertise when it comes to cross-border wealth management.

If you would like to learn more about Switzerland as a financial jurisdiction, [send me a message with the subject "Book" and I will happily send you a free digital copy of our book *Swiss Money Secrets*.](#)



3. Focus On Core Services And Niche Specializations

As an American, you should only look for EAMs that are registered with the Securities and Exchange Commission (SEC) in the United States. This registration gives you the confidence that the company you are dealing with knows U.S. rules and regulations and is specialized in dealing with U.S. citizens.

Also, make sure that your investment philosophy fits the philosophy of the company. Are you more risk-averse and looking for a stable and conservative portfolio or are you willing to take a lot of risks and would like to be all out in the stock market? For example, we at [WHVP](#) consider ourselves conservative investors and focus on capital preservation.

Even though our portfolios are tailor-made, an investor who is seeking very aggressive portfolio management, chasing high-risk IPOs or “flavor of the day” shares that promise astronomic returns of 50%+, is probably not the right client for us.

4. Do Your Research And Ask Questions

This is a big decision to make and it is important that you feel confident making it. Look up different companies, talk to different service providers, ask your friends for referrals and ask many questions. I would recommend making a list of questions that are important to you and that you would like to have answered.

You might find some inspiration on relevant questions in the second part of this article. If you feel that the person you are talking to is impatient, unfriendly, or not answering your questions at all, make sure to keep looking. This is your hard-earned money and you need to feel comfortable with the person you are dealing with.

Specific Questions To Ask

If you are considering working with an independent asset manager, it is important to know how to do your due diligence. What are relevant questions that help you find the right financial partner for you?



Sometimes it is hard to work through all the information out there and pick the right questions. To make things easier we have put together a list of 25 questions you should consider asking when talking to a potential new asset manager.

Experience, Expertise, And Investments

Choose a wealth manager who possesses the appropriate professional qualifications to meet your needs. Do not just look for a relevant university degree but also proven continued education.

You want to be working together with someone who stays up to date on new developments and invests in themselves:

1. What are your academic and professional credentials?
2. What experience do you have as an investment manager?
3. How do you do your research?
4. What different investment strategies do you offer?
5. How do you determine which investment strategy is the right one for me?

Communication

Look online for reviews of the asset manager that you are doing your due diligence on. Ask the asset manager if they can provide testimonials or if they can put you in contact with current or former clients who are willing to share their experiences. Also, make sure to ask if there have ever been any complaints filed against the advisor you are considering working with.

You want to find a partner who puts their clients in the center of what they do and has the highest standards when it comes to communicating regularly:

1. How frequently do you communicate with your clients and on what channels?
2. How often do you travel to the United States?
3. Can I get online access to my account?
4. How often will I receive statements from the bank and do they provide a tax statement?
5. Do you have a newsletter or provide regular reports

that help me keep track of what you are doing and what your outlook is?

Fees And Taxes

Transparency is important. Make sure your wealth manager explains their fees clearly, so you have a solid understanding of what you are expected to pay and the services you will receive.

If you are going to be working with a fee-only wealth manager, they will be incentivized to provide advice and service that is in line with your goals:

1. What are the management fees and what are the custody fees from the bank?
2. Do you work with a performance fee?
3. Is the fee all-in or may there be additional charges?
4. Do you take retrocessions or any other payments from third parties?
5. How and when are the fees paid?

Setup

While most wealth managers are qualified, finding someone that you trust with your savings and the future of your financial path is incredibly important. Everyone needs to get a start somewhere, but finding someone with experience is key.

Make sure you understand the setup beforehand and that you find a partner that is professional in the way they do business:

1. Do you have direct access to my funds or do you hold a "power of attorney" to trade on my behalf?
2. Will my funds be co-mingled with other clients' funds?
3. How can I make a payment from my account and how long will this take?
4. How can I retrieve my investment and how long will this take?
5. Walk me through the account opening procedure.

Regulation And Compliance

Some asset managers may choose to work with a niche clientele: pre-retirees, doctors, educators, women,

etc. Alternatively, some asset managers are more accommodating to helping everyone who meets some general criteria, regardless of age or profession. And then there are wealth managers whose niche is in relation to geography. An example is a Swiss asset manager who helps U.S. clients diversify their wealth outside their home country.

Finding a wealth manager who works with others like you is a great way to make sure they will understand your specific needs and be familiar with the options available to you:

Note From Lief: If you would like to receive a Swiss perspective on current economic developments and stock market movement, [send Jamie a message here](#) to sign you up for her e-letter *The Swiss View*, which is sent out every six weeks.

Jamie will be one of our key speakers at the 2022 Offshore Wealth Summit.

We opened registration for this event earlier this month, and the out-of-the-gate response has been tremendous.

Remember that, this year, for the first time since 2019, my Annual Offshore Wealth Summit will be taking place in person. We'll be convening in the meeting rooms of Panama City's Intercontinental Hotel.

An in-person event means limited seating. The room holds as many seats as it holds... and it's looking like every one of those seats will be filled.

This program will sell out.

You still have time to register as a VIP, meaning important benefits on the ground and in the room with me and my team in Panama.

In the face of a world gone mad, you need to take control of your life, your investment portfolio, and your future.

Meet us in Panama... Oct. 19-21... and we'll make a plan.

[All the details are here.](#)

1. In case of your firm's insolvency, will your creditors have any claim against my funds?
2. What are the insolvency laws for banks in the relevant jurisdiction?
3. How are you regulated and are you registered with the SEC?
4. How can I make certain that my spouse or other beneficiaries have access to my account if I die or become incapacitated?
5. Have you ever been disciplined by a regulator and have you ever had any legal action brought against you? [SI](#)

About The Author



Jamie Vrijhof-Droese is a cross-border wealth management expert, public speaker, and writer. She heads the business development of WHVP and advises a group of international clients with respect to international diversification and asset protection.

Jamie is a board member of the Swiss Association of Wealth Managers. She started her banking career back in 2009 at Credit Suisse, where she worked in different departments, amongst others in Credit Risk Management, Consumer Finance, and Private Banking. Her experience is topped off with several years of working experience as a financial planner.

She holds a Bachelor's degree in Banking and Finance as well as a Master of Business Administration (MBA) from the University of St. Gallen.

WHVP is a Swiss asset management company owned and managed by the second generation. Since 1991, we have specialized in serving U.S. clients out of Switzerland.

Additionally to being regulated in Switzerland, we are also registered with the Securities and Exchange Commission in the United States. We are associated with several first-class private banks in Switzerland, Liechtenstein, and Austria, which act as custodian banks for our client's accounts. Our asset management principles are guided by conservative, long-term oriented capital preservation strategies.