

The Evolution of Investment Management

Varium Investment Partners

(Varium = Latin for “Different”)



Varium Investment Partners Mission

To Create a Unique and Innovative Partnership
that is the Next Evolution of the Relationship
between RIA Firms and their Investment
Management Solutions.



Varium Investment Partners Goal

To Partner with Independent RIA Firms to
Deliver a Superior Result in 2 Critical Areas:

1. Investment Process, Execution, and Results
2. Maximizing RIA Firm Value and ROI



The Problem I Didn't Know I Had

Great....Why do I need that?

Our Current Model Works Fine for My Firm...

We Make a lot of Money and our Clients Seem Happy...

Why Would I Want to Make a Change...???



Defining the Problem



RIAs Face 2 Significant Obstacles to Growth

1. Increased Operational and Economic Pressures on Financial Services in General, and RIA Firms Specifically
2. Bad Operational Investment Management Models that either Destroy or Transfer Significant Economic Value



The Pressures on Financial Services and RIAs

Three Major Challenges Forcing Changes in the Financial Services Industry

1. Fee Compression
2. Technology & Automation
3. Rising Client Expectations



The Pressures on Financial Services and RIAs

Do you have solutions for ALL THREE...?? If not,

1. RIAs will Work Harder to Maintain Current Levels of Revenue and Income
2. Clients will be Less Content and More Likely to Leave or Seek Alternatives, because
3. Technology will give them Better, Cheaper Options



Varium Investment Partners Solutions

Our Unique Model addresses 3 Critical Shortfalls of the RIA Model

1. Investment Solution Efficiency – Getting the Most out of Your Limited Resources – Time, Effort, People, and Capital
2. Capturing “Lost Value” Forfeited to Third-Parties in Traditional RIA Investment Models
3. Monetizing the “Lost Value” in a Way that is Accretive to All Stakeholders – RIA Firms, their Advisors, and the Advisory Clients



Current Investment Solutions are Flawed.

The either too expensive, too generic, perform poorly, and consume valuable RIA resources of time and capital.

NONE OF THEM CREATE VALUE FOR YOUR FIRM

Let's examine the typical solutions and their shortcomings...



The “RIA Growth & Value Problem”

RIA Firms have 3 choices regarding Investment Management Solutions:

- D-I-Y Model – “Advisor as Portfolio Manager”
- Build an Internal Team with RIA Firm Resources
- Third-Party or Outsourced Solutions - Mutual Funds, TAMPS, OCIO, SMAs, LPs, etc.



The “RIA Growth & Value Problem”

**All have Significant Problems, and ALL Destroy
Value for RIA Firms**



D-I-Y Model - Advisor as Portfolio Manager

Benefits:

- Sense of Control
- “Unbiased”, in Theory
- Lower Client Investment Costs

Detriments:

- Most Inefficient Model
- Fragments Focus of Advisor
- Dramatically Decreases AUM Growth Potential
- Increased Practice Complexity
- Employees are Potentially Transient
- Increased Costs
- Decreased Margins
- Reputation Risk
- High Potential Opportunity Cost
- Difficult to include Value-Added Strategies
- Significant Economic Value Destruction



Internal RIA Investment Team

Benefits:

- Sense of Control
- Focused
- “Unbiased”, in Theory
- Lower Client Investment Costs

Detriments:

- Most Expensive Model
- Increased Practice Complexity
- Reputation Risk
- High Potential Opportunity Cost
- Decreased Margins
- Employees are Potentially Transient
- Difficult to include Value-Added Strategies
- Significant Economic Value Destruction



Third-Party or Outsourced Solutions

Benefits:

- Most Efficient Alternative
- Access Expert Investment Networks
- Professional Management
- Greater Practice Efficiency
- Focused
- Low or No Cost for the RIA

Detriments:

- Loss of Control and Transparency
- Difficult to Customize
- Reputation Risk
- Not “Unbiased”
- Increased Practice Complexity
- Difficult to Manage Portfolio Efficiency & Taxes
- Difficult to include Value-Added Strategies
- Higher Client Costs
- **Significant Economic Value Transfer**



Comparing the Three Investment Models

	Advisor as PM	vs.	Internal RIA Team	vs.	Third-Party Solution
Access Expert Investment Networks	-		-		+
Professional Investment Management	-		-		+
Focused	-		+		+
Unbiased	+		+		-
Transparency	+		+		-
Tax Efficiency	+		+		-
Practice Efficiency	-		-		+
Portfolio Efficiency	+		+		-
Value Added Strategies	-		+		-
Lower Practice Costs	-		-		+
Lower Practice Complexity	-		-		-
Lower Client Costs (Explicit)	+		+		-
Significant Value Creation	-		-		0



What if there was a Fourth Way?

Varium Investment Partners

“Insourced” Chief Investment Officer



What is an “Insourced” Chief Investment Officer?



The Solution – Varium Investment Partners

- "In-Sourced“, Advisor-owned, CIO Solution with Institutional-Quality Investment Management
- Complete, “End-to-End” Investment Solution
- Open Architecture, Non-Proprietary Product
- Results-based, Objective, and Timely Investment Solutions
- Value-Added Strategies that Differentiate your RIA Firm
- Highly Credentialed, Experienced, and Professional Investment Managers and Strategists Utilizing a Team Approach
- Massive Value Creation through Equity Partnership
- **Zero Additional Costs**



The Solution – Varium Investment Partners

Replace the sub-optimal, value destroying, costly traditional investment solutions for a Partnership that converts your investment expenses and liabilities into a significant asset.

Improve your investment process, your implementation capability, and reclaim your time and focus on what drives your bottom line, world-class client service and business development.



“In-Sourced” Chief Investment Officer

Benefits:

- Access Expert Investment Networks
- Professional Investment Management
- Increased Investment Capabilities
- Focused and Unbiased
- Increased Transparency
- Maximizes Practice Efficiency
- Maximizes Portfolio Efficiency
- Value Added Strategies
- Decreased Practice Costs
- Decreased Practice Complexity
- **Significant Value Creation**

Detriments:

- Loss of Some Control
- Reputational Risk



“In-Sourced” CIO vs All Other Solutions

If we make the assumption that the Varium Model provides an investment solutions at least as good as other solutions, why not utilize a solution that creates economic value for the RIA firm..??



Third-Party Solutions vs “In-Sourced” CIO

	Third-Party Solutions	vs.	Varium as CIO
Access Expert Investment Networks	=		=
Professional Investment Management	=		=
Focused	-		+
Unbiased	-		+
Transparency	-		+
Tax Efficiency	-		+
Practice Efficiency	-		+
Portfolio Efficiency	-		+
Value Added Strategies	-		+
Lower Practice Costs	-		+
Lower Practice Complexity	-		+
Lower Client Costs (Explicit)	-		-
Significant Value Creation	0		+



Varium versus “Traditional” Solutions

	Varium as CIO	vs.	Advisor as PM	vs.	Internal RIA Team	vs.	Third-Party Solution
Access Expert Investment Networks	+		-		-		+
Professional Investment Management	+		-		-		+
Focused	+		-		-		+
Unbiased	+		-		-		-
Transparency	+		-		-		-
Tax Efficiency	+		-		-		-
Practice Efficiency	+		-		-		+
Portfolio Efficiency	+		-		-		-
Value Added Strategies	+		-		-		-
Lower Practice Costs	+		-		-		+
Lower Practice Complexity	+		-		-		-
Lower Client Costs (Explicit)	-		+		+		-
Significant Value Creation	+		-		-		0



Varium Investment Partners Investment Solution

Varium Investment Partners Business Model Seeks to Change the Way RIAs Utilize and Implement Investment Solutions on Behalf of their Clients that:

- Seamlessly Integrates into RIA's Existing Offering
- Liberates Wasted Time and Excessive Costs Spent on Inefficient, Ineffective, and Partial Solutions
- Unlocks Significant Economic Value Transferred to Third-Parties or destroyed in the RIA



Because, like our Name Means in Latin, We are Different.
Our Model Takes the Best of the Available Investment
Solutions,
Wraps it in an “End-to-End”, Complete Solution, AND
Creates Tremendous Economic Value for our RIA Partners



To explore options for becoming a Varium Investment Partners owner and RIA Partner, please contact:

Scott Hill, Head of Business Development & Advisor Partnerships
swhill@variumip.com
615-337-8127

