



April 2019

Dear Clients and Friends,

As Gresham passes its 21<sup>st</sup> birthday, it's tempting to say we know it all, as many of us naively did when we reached the same milestone of maturity. The good news is that we have learned – and continue to learn – many lessons along the way that guide Gresham's proverbial coming of age.

As we grow – our team is now approaching 50 people – we recognize the increased importance of articulating the individual values and behaviors that have made us successful. One of our core traits is *Reinvent* – asking questions repeatedly, seeking knowledge passionately and embracing creative destruction that leads to greater success. And while peers and competitors may view Gresham as highly capable and mature, we know our continued success hinges on our willingness to continue to reinvent.

Few things are as rewarding as creative destruction. We break it, remake it and then watch it outperform the old way. And in fact, much of the impetus for reinvention comes from clients and other partners outside the firm. We appreciate this feedback and our only request is that you keep it coming. The resulting self-reflection is not always easy, but it can be a powerful catalyst for change that forms the foundation for future success.

Were it not for the suggestion by a client two decades ago that Gresham track the client's holistic investment performance – rather than simply defaulting to the industry standard of tracking individual manager performance – we never would have developed our client performance composite. Dating from our firm's inception in 1997, our Gresham Client Composite is our central proof point for the efficacy of our unconventional investment approach and helps set us apart from our competitors. Further, this simple request led to the development of our client reporting system, allowing us to perform this same service for all our clients. The system, which we affectionately call CHIP, allows us to quantify and separate the impact of asset allocation decisions, the value added by our manager selection, and the impact of private investment performance. If not for the suggestion of a client many years ago and our willingness to reinvent, these foundational elements of current-day Gresham might not exist.

Reinvention and our other core traits have not only shaped what Gresham is today, but they have refined our hiring processes, helping shape Gresham's future. Our future success depends on our ability to find good people and then invest in them to become performers and leaders for our clients and our firm. 2019 is a critical year for adding talent across the firm, particularly on our investment team whose global reach continues to extend into eclectic areas in pursuit of the differentiated returns that have helped define Gresham.

Many in our industry are focused on growth of their business – it is the simplest measuring stick of success. While growth is healthy for a business, excessive or excessively rapid growth forces unwanted choices that compromise returns and service. In contrast, our focus remains on building a quality business to better serve and perform for our clients. In the long-run, if our clients succeed, Gresham will succeed. But we do need some objective metric to understand whether our focus on our core traits and building a better business is succeeding.

The following chart shows the growth in both the number of clients we serve and the assets on which we advise. Our preference is to perform well for a smaller number of clients rather than rabidly chasing new clients like others in our industry whose client service teams consist primarily of sales people. We believe that our clients’ financial success will translate into success for the firm.



Over the last ten years, the number of clients we serve has risen by just over 50% – from around 60 to just over 100. At the same time, the assets for which we are responsible have more than tripled – from \$2 billion to just over \$7 billion. Our clients’ success has allowed Gresham to succeed and reinvest in our business. When we first started, our client-to-employee ratio was around eight to one – respectable by some industry standards. Today, with our team approaching 50 people, Gresham’s client-to-employee ratio has declined to about two to one. Quite simply, while our service and performance levels have always been strong, we can now perform for clients with unprecedented breadth and depth.

Additionally, it’s nice when these ideas are validated by external industry sources. We are pleased to report that Gresham was recently named the “Best Multi-Family Office” by *Family Wealth Report* for firms that manage or advise on between \$5 billion and \$15 billion of client assets. Gresham was described as “a long-standing player in this field and a fine investment shop with integrated investment and wealth management...for sophisticated

clients.” This award – and the similar recognition we received in 2017 – is a nice validator for what we are striving to build at Gresham. Moreover, last fall, Gresham was ranked as the fourth best Independent Financial Advisor in the country by *Barron’s*. While we don’t manage to these rankings, we are gratified by the positive views these independent groups have of the work that Gresham does for our clients.

All of this is not to say that we have perfected our craft – we know there is much more reinvention to come. Ours is a simple business in concept, but it’s quite difficult in execution. And let me assure you that our opportunities for improvement are abundant! Like any 21-year old, we will continue to grow. But unlike some, we will focus on continuing to build a quality business of which both we and our clients can be proud.

Thank you for your past and future support.

Sincerely,

A handwritten signature in blue ink, appearing to read 'E. Neild'.

Edward F. Neild, IV  
President and Chief Investment Officer

Enclosure: Announcement of Gresham Partners’ #4 ranking in *Barron’s 2018 Top 100 Independent Financial Advisors*

Notes: Assets under management (AUM) shown in the chart include private fund investor-only assets and increases that resulted from changes to the regulatory calculation, including the addition of uncalled private fund capital commitments of just over \$700 million as of 12/31/18. Since-inception performance of our client composite is available upon request. Further information about *Family Wealth Report* and *Barron’s* is available on our website at [www.greshampartners.com/category/news-room](http://www.greshampartners.com/category/news-room).