

May 2018

Gresham just passed an important milestone by celebrating its 20<sup>th</sup> Anniversary as an independent investment and wealth management firm. While 20 years is not a long time for some businesses, it is a notable achievement for a professional services firm that provides its clients the type and level of services Gresham provides with clearly articulated principles.

The unusual but simple reason for this accomplishment is the ongoing commitment of Gresham's owners – its senior professionals – to adhere to these principles. The core of this commitment is a belief that i) our interests must be aligned with our clients' interests, which requires that we maintain our independence without outside interference from other investors or owners; ii) our sole source of compensation remains the fees we receive from our clients; and iii) we seek to provide our clients with exceptional investment performance and wealth management services to meet or exceed their high expectations.

Other firms in our industry – including well-known broker/dealers, banks, and trust companies – claim alignment and independence as marketing slogans. However, many of these firms incentivize their employees to sell investment products or push their proprietary products and services so they can make higher profits. We believe firms like these do not serve the best interests of clients. As individual investors have begun to understand these misalignments and harmful practices, Gresham's reputation and its business have been the beneficiary of these conflicts laid bare for all to see.

To understand the long-term benefits of building relationships with clients based on our guiding principles, it is helpful to reflect on our 20-year history. Since its founding in 1997, Gresham has grown from managing approximately \$600 million for about 60 clients to managing over \$6.5 billion for about 100 clients. This growth has been highly intertwined with our clients' success as the performance of Gresham's investment strategies for our clients has contributed a significant portion of our asset growth. If you would like information regarding how we have done this and how we expect to continue to do so in the future, please contact us.

While the assets we manage have grown significantly, we continue to focus on working with a small number of families. To maintain and enhance our level of service and performance, we have significantly increased the resources available to serve our clients, most notably by adding carefully selected, talented people in all areas of the firm. When Gresham was formed, our seven team members served roughly 60 clients, equating to just under one person for every eight clients. Today, Gresham's team of 44 serves nearly 100 clients, equaling just under one person for every two clients, which we believe is nearly unparalleled in the industry.

We have made other significant investments in client service, such as the development of our proprietary reporting system that enables us to capture our clients' complex balance sheets, ownership structures and performance information. We also recently introduced Gresham Partners Trust Solutions® to make available to our clients professional, flexible, responsive and attractively priced corporate trustee services provided by New York Private Trust Company of Delaware, which does not have any proprietary investment services. This approach to trustee services continues our commitment to eliminate harmful conflicts of interest for our clients. Unlike traditional corporate trustees, who often use proprietary investment services in trusts they administer, our solution provides clients the confidence that their trustee is focused on being a good trustee, rather than profiting from using its own investment services in the trusts it administers.

We are occasionally asked why we continue to pursue this principled approach to our business and whether we ever feel compelled to explore more expedient paths to profitability, like many of our competitors? I would simply say that building a business well leads to deeper and longer-lasting relationships among our team and our clients. And while this may result in slower growth, we strongly believe it results in greater retention, reduces the need to prospect for new clients and employees, and ultimately results in a stronger business. It's also how we're wired.

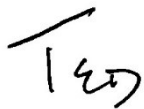
Although we prefer keeping a rather low profile and focusing on growing in a controlled and organic manner, we do appreciate it when we receive some external verification that we are performing well. Accordingly, we were pleased to be ranked #9 in *Barron's 2017 Top 100 Independent Financial Advisors* list, moving up from #13 in 2016, and an explanation of that ranking can be found at <http://webreprints.djreprints.com/4206061305309.pdf>.

I would be remiss if I didn't comment on today's investment environment. We provided our thoughts on recent economic and capital markets results and our views on the outlook for future developments in our *2018 Annual Outlook: Peak Central Bank*, which is available at [www.greshampartners.com/categories/news-room/](http://www.greshampartners.com/categories/news-room/). Our conclusions and recommendations have not changed over the last few months and the current market environment appears to be validating many of our views: We expect more volatility and more downside risk for long-only portfolios, especially those invested in traditional benchmark-hugging active managers and simple, indexed portfolios.

As you probably know, we allocate a significant portion of our resources to finding and obtaining access to managers that approach investing unconventionally. We believe our documented performance record has demonstrated that finding and accessing managers who think about investment opportunities differently, rather than in a conventional benchmark-oriented manner, can produce materially better results. As investors, we are fortunate to have clients with a long-term investment perspective that allows them to more confidently allocate capital to these types of strategies, with less regard for short-term performance noise, and thereby reap appropriate long-term rewards.

Our 20<sup>th</sup> Anniversary is a milestone and we are quite proud of what Gresham has become. However, we humbly recognize we would not be here without the help and support of others. Whether it is the trust they place in us as a client, their confidence in referring their friends to join Gresham as clients, their suggestions on how we can improve or their expression of a desire to learn more about us, we sincerely appreciate their interest in us and their support.

On behalf of all of us at Gresham, we thank everyone who has helped make our first 20 years a success.



Edward F. Neild, IV  
President and Chief Investment Officer

More information on the Barron's ranking is at [www.greshampartners.com/nationallyrecognized](http://www.greshampartners.com/nationallyrecognized).