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Wealth Manager Eyes Midsize Bank Target, Neglected Millionaires

■ BY MATT ACKERMANN

A former Vanguard investment fund manager has established a wealth management firm in California to target millionaire investors he sees as relatively neglected, a group that analysts say midsize banks also are pursuing.

F. Jack Liebau Jr. announced on Oct. 31 that he was starting Liebau Asset Management Co. LLC in Pasadena, Calif. It will manage domestic equity portfolios for individuals with \$1 million to \$5 million of assets, endowments, foundations, and corporate pension plans, he said, and will offer separately managed accounts.

Mr. Liebau, the new company's president, was a partner and portfolio manager at Primecap Management Co., where he was one of four managers of the Vanguard Primecap and Vanguard Capital Opportunity funds. At Primecap, he managed \$1.7 billion of assets.

Liebau Asset Management opened with \$50 million of assets under management.

Mr. Liebau said he perceived a void in wealth managers serving high-net-worth individuals. Most large banks and financial services companies are so

focused on the ultra-wealthy, he said, that many millionaires are forgotten.

"This is clearly a market that is underserved," Mr. Liebau said. "In today's world of consolidation, minimums are getting higher and investors are getting squeezed out." In recent

The focus on the ultra-wealthy is seen as neglect for mere millionaires.

years, he said, the minimum for investing in a managed account at a large company has been increased from \$1 million to \$10 million.

"I see a niche with \$1 million accounts," he said.

Analysts said that a lot of midsize banks and asset management companies are targeting the mass affluent and millionaires.

"Companies have to realize that millionaires are the most attractive customers, especially millionaires that are still accumulating assets," said Burton Greenwald, a Philadelphia analyst. "Firms have to work hard and find a way to stand out."

Mr. Liebau said his company will find its niche by focusing on domestic equities. "We aren't looking at cash or bond funds or trying to be a financial supermarket," he said.

Separately managed accounts continue to be the most attractive investment products for individuals, Mr. Liebau said. The products let managers factor in an individual's tax considerations and handle each portfolio individually, he said, and small companies are well-positioned to supply the right level of individualized attention to offer these products properly.

Managed accounts continue to be among the hottest investment products. Assets in the product have grown from \$161.01 billion at the end of 1996 to \$442.86 billion at June 30, according to the Money Management Institute, and the trade group expects \$2.1 trillion by 2011.



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