

# Osborn Steele Wealth Management, LLC

**2010**



# Overview

- ▶ Osborn Steele Wealth Management is a registered investment advisory firm that was created to provide *guidance and access* for individuals and families as they confront the maze of investment advisory services and products:
  - Negotiate preferential terms with managers who are not readily accessible
  - Operate with complete transparency and objectivity
  - Build customized portfolios utilizing more asset classes than the traditional “stock-and-bond” approach
  - Match portfolio holdings to client objective

# *Operating Philosophy*

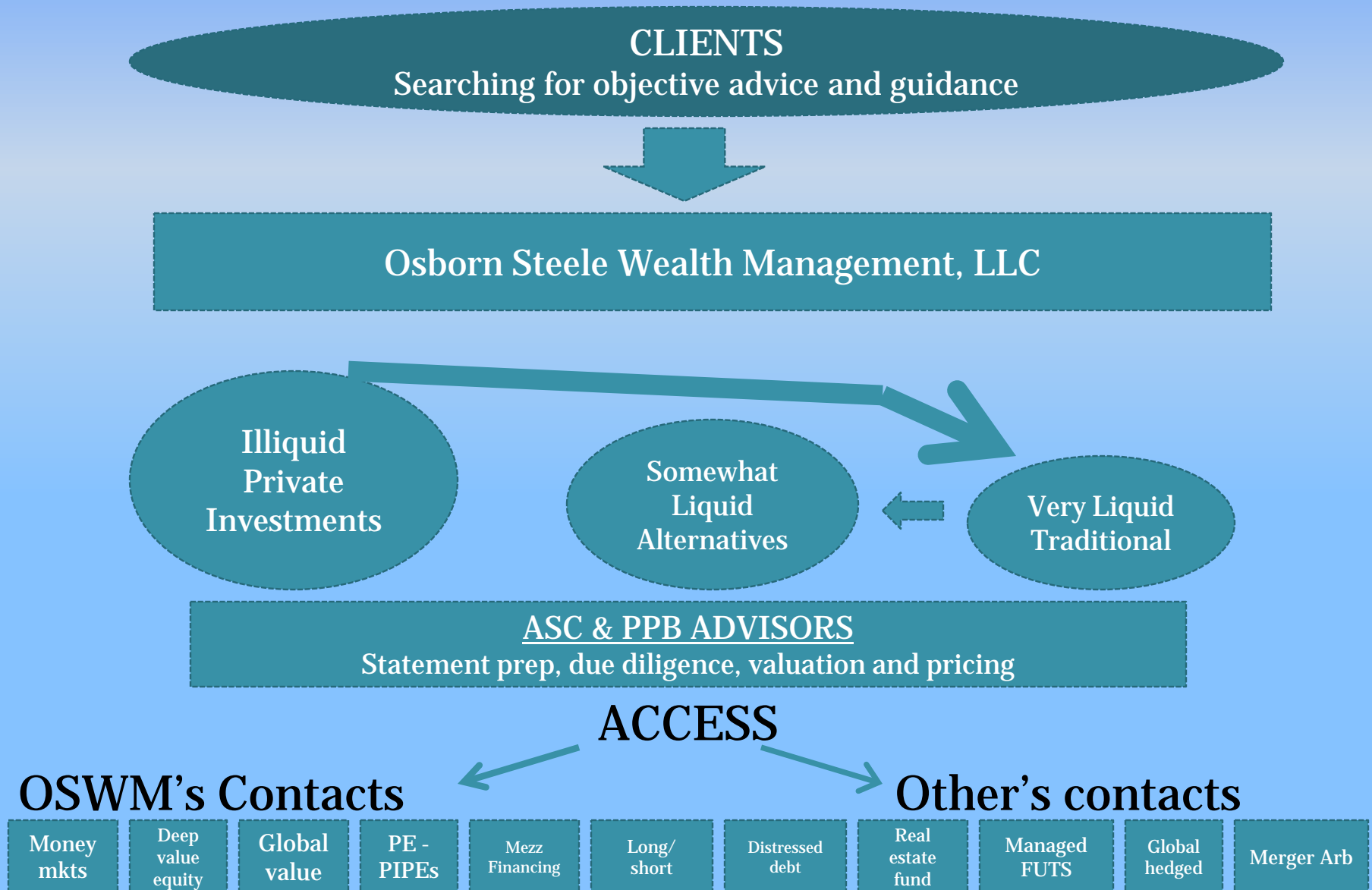


- In today's environment of 'product manufacturing and hard-selling', Osborn Steele will only bring suitable recommendations to clients for their review and selection.
- Where most other advisory firms take on the burden and responsibility of conducting due diligence, accounting, reporting and manager analysis in-house, Osborn Steele seeks to out-source all of these expensive and commoditized functions.
- OSWM maintains no proprietary interest in any of its investment recommendations.

## *Investment Approach*

- Construct a portfolio that is specifically designed to achieve the goals and objectives of each client.
- Utilize numerous asset classes, managers and positions in order to diversify the portfolio's risk exposure and enhance net returns.
- Maintain strict target allocation ranges to asset classes, managers, styles and sectors.

# *Business Model – Osborn Steele*



# *Business Model Description*

- ▶ Osborn Steele provides clients clear and concise guidance and objective advice regarding their existing portfolio of holdings
- ▶ OSWM will analyze every investment in the portfolio and determine *in concert with the goals of the client* what the optimal resolution is for each
- ▶ OSWM is familiar with and knowledgeable about the illiquid private investments and will write an **updated narrative** on each
- ▶ Depending upon client wishes, proceeds received from these investments will be available for re-investment into more traditional and liquid vehicles or into strategic alternatives

# *Business Model Description (cont'd)*

- Osborn Steele has engaged the services of 2 independent advisors to provide the following services as back office support to reduce costs:
  - **Asset Strategy Consultants**
    - ✦ Due diligence conducted across 15,000 mutual funds, 3500 hedge and alternative managers, and 2500 private investment managers
    - ✦ Performance evaluations for all holdings with proprietary software and evaluation processes
  - **PPB Advisors**
    - ✦ Due diligence provided by Funds Evaluation Group – a nationally known, institutional quality evaluation group
    - ✦ Private valuations provided by Vastardis Fund Services – a long-experienced private valuation firm

## *Business Model Description (cont'd)*

- Osborn Steele it's own access to numerous other styles of investing and managers through our 28 years of experience, including:
  - ❖ Traditional money market, fixed income and equity benchmarked funds
  - ❖ Deep value domestic equity manager
  - ❖ Global asset allocation manager utilizing long only positions across 75 asset classes
  - ❖ Mezzanine debt financing managers (3) with conservative, moderate and higher growth options
  - ❖ Diversified real estate manager who targets Class A buildings with solid tenants and creates cash flows thru triple net lease arrangements
  - ❖ Diversified private equity manager who seeks to provide capital to early stage ventures



# *Private Investments*

- Osborn Steele has vast experience with reviewing, analyzing and selecting private investments.
- Criteria to be evaluated includes:
  - ***Independent 3<sup>rd</sup> party valuations*** that are fully compliant with all regulatory requirements
  - ***Liquidity***: on both elements of annual income and access to principle
  - ***Full transparency*** on financial analysis and operating strengths and weaknesses
  - ***Direct communications*** with General Partners on oversight, fees, profit-sharing and exit opportunities
  - ***Full compliance*** with fair value accounting practices
  - ***Consistent and timely reporting*** on all aspects of the investment with a clear outline of exit expectations

# *Select Private Investments*

- Every private investment will be re-evaluated with an **extensive narrative** provided on each.
- All new information garnered regarding the investment will be disseminated in a very timely manner.
- Recommendations will be based on individual client characteristics.
- Sell recommendations may utilize:
  - **Cross-agency swaps** = sales to other LPs
  - **Secondary offerings** = sales to other private equity managers
  - **Sales of Remaining Commitments** = retain existing position but forego remaining draws
  - **Restructure Partnership** = break up values, liquidation rights, GP removal, in-kind distributions will ALL be evaluated and considered

# *Due Diligence*

- ▶ Through our relationship with both ASC and PPB Advisors, Osborn Steele has secured access to Funds Evaluation Group (FEG), the premier provider of manager due diligence in the country.
- ▶ Clients never need to worry about conflicts of interest, biased reviews, lack of transparency or fee sharing/discounting arrangements that other advisors use to their benefit.
- ▶ OSWM has the capabilities to review new managers for inclusion to portfolios and provide feedback on the hire/fire decision.
- ▶ OSWM can review on an ad hoc basis any new investment idea or concept brought by clients directly.

# *Portfolio Allocations*

- ▶ Osborn Steele has established *access* to some of the best managers in the world through our exclusive relationships. Clients will be offered opportunities to invest alongside managers in the following classes:
  - ***Equities***: long only, hedge managers, private equity
  - ***Fixed Income***: traditional styles and exposures, private debt and mezzanine lending funds
  - ***Real Estate***: diversified funds and direct opportunistic situations
  - ***Private placements***: unique investment opportunities for portfolio diversification and income enhancement

# *Investment Style Offerings*

- Portfolios with existing positions will be managed proactively to re-establish the liquidity (income generated *and* access to principle) that best suits the objectives of the client.

## **High Liquidity**

- Money Market
- Fixed Income
  - ETFs
- Long Only

## **Liquid with Delays**

- Long/Short
- Global Macro
- Distressed Debt
  - Managed Futures
- Real Estate Funds

## **Illiquid**

- Private equity
- Venture Capital
  - Debt
- Financings
- Real Estate

# Communications

- Osborn Steele believes communication is critical to our success. Our approach is different from most others in that we promise to:
  - Operate with *full transparency* on all decisions that effect a portfolio
  - Report current fair values for every investment and net returns from inception
  - Share new ideas, concepts, managers and investments will be discussed *before* any purchases are made
  - Make quarterly meetings mandatory (for us) in order to maintain an active, current relationship

## *Getting Started*

- Osborn Steele needs to clearly understand a client's goals in order to effectively transition the portfolio from existing holdings to a new posture. To do so, we ask that a full profile be completed and returned.
- Once we complete the extensive profiling process, we will meet to lay out a specific game plan for getting started and our communication techniques.
- A management agreement confirming our relationship, the services provided and the fees assessed will be provided, reviewed, agreed upon and then executed.

# *Fees and Expenses*

- The only fee paid to Osborn Steele is for those assets where we provide recommendations, advice and oversight. *There are no other fees paid!*
- Performance is always reported NET of all fees so clients can see exactly what they are earning.
- Relationship pricing:
  - ✦ \$1M and under: 1.5%
  - ✦ \$1M to \$50M: 1.0%
  - ✦ Over \$50M: 0.75%



## *Who is CBIA?*

- Doug Kloppenburg is the founder and 100% owner of Osborn Steele Wealth management, LLC.
- The firm was established to maintain complete independence. All relationships, associations, joint ventures, employees hired, managers used, service providers ... every relationship established will be held to this very high standard of operating.
- Doug Kloppenburg spent 29 years in investment management focusing on building constructive portfolios for clients. He has experience with bank investment models, brokerage approaches and private RIAs.