

“Overall, the perfect client is one that has a need for the type of holistic wealth advisory services that I offer, and increasingly falls into a few categories. First, the majority of my client base is comprised of lawyers, doctors, small business owners/entrepreneurs, or entertainment industry professionals. These professionals generally need guidance in areas of estate planning, insurance and other related areas of financial planning. We also have a growing specialty of providing retirement planning for these clients, including setting up 401(k) plans. Second, those about to retire or in the process of retiring, who have an eye towards asset protection and longevity. And third, those who have a liquidity event (sale of a business, inheritance, divorce, etc.). As a firm, we specialize in working with our clients other trusted advisors.”

Being able to offer a relatively smooth ride in the chopiness of the market over the past two years has helped Lido Advisors, Inc. attract a host of new clients.

Based in Beverly Hills, California, Lido has seen overall assets under management grow at an impressive clip the past two years.

“We’ve grown in solid double digits (by percentage) for net new assets this year, and that is following similar growth the year before,” says Jeffrey Westheimer, Senior Vice President at Lido Advisors. “So we’re having some very good inflow years as clients are looking for control and less volatility in their investment portfolio and financial life.”

He credits the firm’s investment approach and high-level client service for its success with clients.

“One thing that our clients are looking for in this uncertain economic environment is that they don’t want to take one ounce more of risk in their investment portfolio than is needed to meet their goals,” Westheimer says. “We take a tremendous amount of care in educating our clients on the investments within their portfolio, and why we strive for solid risk-adjusted returns, something they might have lacked with previous advisors.”

To accomplish this, Lido creates a customized asset allocation for each client, and actively manages client investments in accordance with their appetite for risk and mindful of their goals and objectives. The asset allocation can be divided into three main components: fixed income, equity and hedged investments. Fixed income includes bond managers that provide in-depth credit research and institutional quality buying power to eliminate the steep “mark-ups” that accompany bonds purchased at some other firms, in addition to direct investment in bonds and mutual funds for exposure. For equities, Lido utilizes Exchange Traded Funds (ETFs) to move in and out of asset classes to provide the desired level of exposure to the stock market, in a cost-effective manner. It then employs a “manager of managers” investment strategy for a hedged portion of the portfolio with a focus of controlling volatility, which relies on the firm’s research and market analysis to select a mix of no-load mutual funds that are less correlated investment strategies and encompass a range of classes and styles; as well as hedge funds, private equity and real estate.

“Essentially, there are four criteria we look for in every investment,” Westheimer says. “They are transparency, liquidity, cost-effectiveness and tax efficiency. The reason that Lido Advisors is a unique organization is because, first and foremost, we manage and strive to control volatility and price fluctuation in a client’s portfolio. Before each investment, the first question we ask ourselves is: ‘How can we lose money on this investment?’. And, if we believe the risk-reward tradeoff is positive, we move forward.”

“Lido uses a fee-paying model that we think keeps us completely aligned with our clients,” Westheimer says. “As a fee-only advisor that charges a percentage of assets under management, if the account value goes up, our payment goes up. If the account value goes down, our payment goes down.

Jeffrey Westheimer
Lido Advisors, Inc.

Professional Category:
Financial Services –
Investment & Wealth
Management

Member Since:
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So, at the end of the day, our only incentive is to fulfill our fiduciary duty to the client.”

Another part of Lido’s interest and alignment with its clients involves providing them with more education and control of their investment portfolio.

“Our approach is to educate our clients as much as possible on what’s inside of their portfolios so they understand why certain investments are chosen and how their investments contribute to the ultimate performance of the portfolio. Having a deeper understanding allows them to feel more in control,” Westheimer says.

Clients can engage in the nitty-gritty of the investment selection process if that’s their preference, or they can stick to big-picture issues.

“In general, the majority of our clients want to concentrate on big-picture things like whether their portfolio is positioned to meet their goals. On this front, we consistently update a personalized capital sufficiency analysis that shows progress towards their goals, and guides other discussions regarding insurance, charitable giving and maximizing their tax situation every year,” Westheimer says.

Clients also look to Lido to provide clarification of developing events in the marketplace and how they will affect their portfolios.

“I think there are three main things today that our clients are worried about and that we’re monitoring very closely,” Westheimer says. “Number one is unemployment that has hovered consistently around 9.8% and how that affects overall spending throughout the economy. Number two is the viability of municipal bonds and any debt defaults that might be on the horizon in states like California, Illinois and other states around the country. And number three is the quantitative easing that’s hitting the marketplace and how it will affect investments.”

Lido weaves these economic and market considerations into the risk analysis it performs on its client portfolios and subsequently counsels clients about making any needed adjustments to their investment strategies.

“My approach is always that the client is a partner,” Westheimer says. “It’s the client’s portfolio and we should be empowering them to understand decisions about how they invest and how much risk they want to take. It’s up to us to guide them in that risk level,

to help them reach their goals and objectives and to keep them engaged in discussion about their financial planning.”

What’s more, as a partner, Lido also strives to go beyond just providing investment advice and management.

“High-net-worth individuals appear to be very open to leaving behind the massive firms they’ve been with in the past for a more personalized touch and higher level of client service,” Westheimer says. “They’re looking for less of a cookie-cutter, assembly-line approach to investment management. They’re also looking for someone who is going to be a quarterback for their other needs, whether it’s estate planning, insurance, property casualty, life, health, disability, or working with their CPA to help them maximize their investments or retire from running their business.”

Westheimer says there is no “typical client” of Lido Advisors; clients range from those who have had a substantial liquidity event, to those who are in the prime earning years, whether they own their own business or are service professionals, including lawyers, CPAs and doctors. Lido offers a range of services to help these clients with their long-term planning and retirement needs.

“Those who have had a liquidity event all of a sudden have a substantial amount of assets,” Westheimer says, “but might never have done the type of holistic wealth planning they need to do. Whether an inheritance, sale of a business or other life event, Lido collectively has a great deal of experience working with these types of clients.”

Those with liquidity events, or even those closer to the beginning of their career can make great referrals for Lido and Westheimer. Generally, new clients of Westheimer have at least \$500,000 in investable assets.

“If there is someone in BFI who either lives in this area or is from another area of the country and would like to penetrate the Southern California market and reach key professionals, I’m happy to open up my Rolodex and make introductions,” Westheimer says. “I do it every single day. I’m happy to provide information and education not only about this area geographically but about my industry.”

If you want to contact Jeffrey Westheimer about Lido Advisors, Inc., call (310) 278-8232 or e-mail him at jwestheimer@lidoadvisors.com.

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