

A MODEL FOR SUCCESS: AN RIA'S STORY ABOUT LEVERAGING THIRD-PARTY MODEL PORTFOLIOS

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When it comes to habits shared by [highly successful advisors](#)—I strongly believe active adoption and employment of third-party [model portfolios](#) fits the bill.

The use of outsourcing can drive scale, efficiency and profitability in your practice by allowing you to deliver institutional-quality investment solutions and boutique-quality client service.

But don't just take my word for it.

WisdomTree recently had the honor of sitting down with Jon Morgan, principal from Shore Morgan Young Wealth Strategies, an [RIA](#) that's had great success leveraging third-party model portfolios. Jon described his firm's evolution, and how working with [WisdomTree Portfolio & Growth Solutions](#) has impacted his business and clients.

Below is an abbreviated version of the conversation along with some practical takeaways for advisors considering adopting a **models-based practice**. Access to the complete transcript of the conversation can be found [here](#).

WisdomTree: Can you talk about your early days of building portfolios, and how that process has evolved over the years?

Jon Morgan: We started the firm in 1994, back when we all operated in a mutual fund world. So, it's somewhat challenging to look back and think, "How exactly did we get here?" Some of the advantages we rely on today—like the change from mutual funds to ETFs, and partners who could help us build models for our clients—those options just weren't around yet. The greatest challenge then, was how and when to make moves and adjustments.

WisdomTree: Did you have a dedicated team thinking about the markets?

Jon Morgan: Not like today. Back then, it was a conversation between me, my business partner, Lew, and our investment assistant. We would meet with people from wholesalers to money managers of mutual funds, listen to their thoughts and ideas, and then meld those together with what we were thinking. It worked, but it wasn't very efficient.

WisdomTree: What made your firm consider working with a partner?

Jon Morgan: Our roster has grown to 450 clients, almost all individuals and families. But even a decade ago, it was getting unwieldy wearing so many hats. Anyone with their own practice understands this. You're responsible for bringing in new business. You're actively managing clients' money on a day-to-day basis. You're researching funds. Monitoring the markets. Building individualized investment plans. It was becoming a challenge, and we just felt we could benefit from adding the right help. We knew we needed somebody that was willing to work with us, create custom solutions specifically for our firm and our clients, and ideally, function as our partners.

Insight: [Many advisors wear multiple hats](#) when running a business, which can make it feel like the business is actually running them. While ditching these hats seems logical, it can be difficult to find the right partner with custom investment capabilities. WisdomTree created its [Portfolio & Growth Solutions program](#) to overcome these burdens faced by many RIAs and Independent Advisors.

WisdomTree: When you selected WisdomTree, how did you approach your clients? Did you get any pushback?

Jon Morgan: Since many had been with us for years for their overall financial planning, they had a great deal of trust in us. But the biggest thing was, I could show them tangible financial benefits. I could sit down and say, "Look at this right here, your internal expense drops by this." Or, "We're not going to have to worry about taxable

capital gain distributions at the end of the year with these people.” And “Oh, by the way, here’s their track record. WisdomTree may be new to us, but they aren’t new.” I could show them results. “This is what this portfolio actually did in real time.” So frankly, it was a really easy transition for our clients. I don’t remember getting pushback from a single person, honestly.

Insights: We discovered that 86% of investors believe it is “absolutely acceptable” for their advisor to use third-party model portfolios. This was a higher percentage than many advisors expected, and the differentiator is the way the advisor is communicating the usage to their clients. We have content to help with the communication in our [Model Adoption Center](#).

WisdomTree: How would you summarize the way the partnership works internally?

Jon Morgan: Shore Morgan Young still has someone with the job title of Chief Investment Officer. But I see WisdomTree as the other half of a co-position. It’s a team performing that role. I actually couldn’t afford to hire the talent that WisdomTree brings to the table. I just couldn’t do it. And it’s just been such a great partnership. WisdomTree has evolved into the base of all of our portfolios. We meet with WisdomTree’s various portfolio heads and others on a quarterly basis, and we talk about strategy, we talk about what’s working for us, what the end client is saying. I really value that.

WisdomTree: Roughly speaking, what percentage of your clients are using the Models?

Jon Morgan: This is an arbitrary number, but it’s probably 90%.

WisdomTree: What are the benefits of working with a partner like us on 90% of the Models?

Jon Morgan: You guys just have a lot of high-level bandwidth on your end. You bring a lot of talented people to help us tackle our challenges. I will say I feel less stressed. We have more time to serve clients and prospects. And we super enjoy the quarterly meetings with your people.

WisdomTree: For the RIAs out there who might be contemplating the same decision, what’s your advice? How do they get over the idea of, “Wow, I may outsource some of this.”

Jon Morgan: I think the first step is knowing yourself, and really being honest with yourself in considering, “Am I really doing the absolute best job I can for every client?” I would also say, just take a minute and sit down with WisdomTree because these people are really good at what they do. They can be as custom as you want, which is what they’ve done for us. It’s worth a conversation—you might just be surprised that you don’t know what you don’t know. Five years into this relationship, I’m happy to say that they have executed.

We want to thank Jon for his time and for providing an overview of his firm’s journey. Financial advisors interested in learning more about how WisdomTree’s services can fill out the form below or send us an email at wtpg@wisdomtree.com.

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