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Pinnacle Advisory Group Reaches for \$1 Billion AUM

By Reed Hellman, Staff Writer

The terms “money management” and “financial planning” can evoke numerous images: shuffling through reams of computer printouts, wading through research, scanning voluminous quarterly reports or trying to understand somewhat stuffy “wealth managers.”

A simple, line-drawn caricature on Kenneth Solow’s e-mail signature, complete with balding pate, protruding ears and huge grin, is an immediate indication that he, and all of Pinnacle Advisory Group, are not the usual wealth management firm.

Pinnacle offers comprehensive financial planning followed by active portfolio management (rather than traditional buy-and-hold investing) on a fee basis, without any commissions or conflicts of interest. Typical clients include successful professionals, corporate executives, business owners, entrepreneurs, and individuals and families with substantial and complex resources, generally exceeding \$1 million in investable assets. Pinnacle also serves some institutional accounts such as pension funds that need quality planning and advice and tactical investment management.

Founded in 1993 by Kenneth Solow, currently chief investment officer; John R. Hill, chief executive officer; and Dwight A. Mikulis, chief financial officer, Pinnacle is an independent planning-based investment advisory firm. The company’s antecedents go back to the early 1980s.



Pinnacle Advisory Group advisers surround founders Kenneth Solow (second from right), John R. Hill (center) and Dwight A. Mikulis (second from left).

The founding partners had a vision of conflict-free planning and investment management for affluent clients. The “concierge levels of service” grew into two distinct parts: money management and financial planning.

Working in Today’s Market

Currently, Pinnacle employs 30 people, with offices in Columbia and Naples, Fla., and advisers in several other states. Providing financial planning and tactical investment management for nearly 700 clients makes Pinnacle one of the top independently registered, privately owned investment advisers in the Baltimore-Washington area.

“We’ve got a big milestone coming up,” said Solow. “We will have \$1 billion in assets under management (AUM).”

“They are very well known even though they are small,” added Duane Carey, of IMPACT Marketing & Public Relations,

who handles those services for the firm. “They have a national perspective as active portfolio managers. Michael Kitces, the director of research, is a ‘rock star’ in the industry.”

Several of Pinnacle’s advisers are nationally recognized and are sought after as speakers and for interviews by publications such as Morningstar and The Wall Street Journal. Solow’s book, *Buy and Hold Is Dead (AGAIN), the Case for Active Management in Dangerous Markets*, has received industry recognition for explaining

why active asset allocation is so important.

”They are all certified financial planners with a wide breadth of backgrounds,” said Carey. “They manage assets, not take control of them, and are very technical in orientation. ... The Investment Management Team is the research guys: Solow and Kitces. The Wealth Management Team works with the clients.”

Offering the Right Mix

“We provide two important services to each of our investment management clients,” said senior partner Dwight Mikulis: “Comprehensive financial planning and sophisticated investment asset management. ... The process includes sophisticated projections and analysis in retirement planning, estate planning, tax planning, cash flow management and other key areas, with regular updates and monitoring.”

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Pinnacle also does not follow the usual investment management approach. The company's investment philosophy allows it to invest in any asset class that the investment team deems to have good value. They look for value opportunities based on the business cycle, market psychology and traditional measures of value such as price/earnings ratios. This flexible approach to portfolio construction results in eclectic and highly managed portfolios. Pinnacle's analysts adjust the portfolio asset allocation to better manage risk and attempt to earn higher returns.

The majority of Pinnacle's new clients have resulted from active goodwill and referrals from existing clients, along with some third-party endorsements.

Pinnacle is proactive in scheduling regular reviews, and clients expect easy access to their financial advisers. In addition to meeting personally throughout the year, advisers regularly communicate with clients through monthly e-newsletters, telephone conference calls, Web posts and blogs, e-mail, client dinners and seminars and quarterly market reviews.

Stellar Growth

"Pinnacle continues to grow along with our clients," said Mikulis. "[Last year] was nearly our best year for results for clients and growth of the firm; 2011 has continued that trend with significant growth of assets and planning opportunities from new and current clients."

"We have had stellar growth from '08 on," added senior partner John Hill.

The company has announced a new initiative, Pinnacle Advisor Solutions, that will offer back office support services for small and independent financial advisers throughout North America. Pinnacle will take over outsourcing a range of administrative and managerial tasks.

"In three years, we should have more satellite offices and will be providing our core services to new clients along with other firms in the industry who don't have enough resources on their own," said Mikulis.