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FINANCIAL PLANNING | TOP TEAMS

How This UBS Megateam Is Building Portfolios Now

BY ANDREW WELSCH

Few clients in the past 15 years have asked UBS Private Wealth Management advisors David Hollenbaugh and Alex Williams for more exposure to international stocks. But Hollenbaugh, Williams, and partners Peter Rukeyser and Wayne Safro have been offering clients just that. “People, of course, tend to look at what has worked, but we would encourage people to look ahead at what the market is offering in terms of valuation, growth, and potential reward,” Hollenbaugh says.

Their 18-person team oversees \$5 billion in assets on behalf of wealthy families, entrepreneurs, and endowments. Hollenbaugh and Williams talked about how they’re positioning client portfolios and how they foster esprit de corps in a team that is spread across three metropolitan areas.

Barron’s: What made you decide to form a team?

Alex Williams: We each see the world in a similar way. I got into this because I felt it was a really noble profession. I approach it this way: “How would I want my family treated?” We live by that ethos.

David Hollenbaugh: There are huge advantages to scale. Historically, the business was very siloed—small teams



From left, David Hollenbaugh, Wayne Safro, Alex Williams, and Peter Rukeyser of UBS Private Wealth Management.

Photograph by Mary Kang

that didn’t communicate much, even though they often faced the same challenges. So, how great would it be to bring 18 people together with a unified focus? If one person learns about a solution to a problem, we can share that quickly across the group. We can invest in specialized resources. There are multiple chartered financial analysts on our team. From the standpoint of a client, we can offer an incredible experience and competence on the issues. It’s a competitive advantage.

Your team operates from offices in New York; Boston; Greenwich, Conn.; and Palm Beach, Fla. How do you maintain a team culture across different locations?

Williams: We are very disciplined in communicating with one another. We have investment, client, and partner

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meetings every week. We spend time in different locations together. From a client coverage standpoint, we have little pods where everyone in that pod is responsible for knowing everything about a particular client.

Hollenbaugh: In some ways, we are following our clients. We're a national practice, and we have clients all over the country, but currently a lot in New York, Boston, and Florida. We can be there in Florida for client meetings, or in New York. It's also the way clients want to be served.

One more point: Our team has been together for a long time. My client associate has been with me since 1999. When you have a 24-year relationship, you don't have to sit side-by-side every day to communicate effectively.

Let's shift to the markets. How are you positioned?

Williams: We're slightly underweight stocks. We're in line with bonds, but we are stressing duration. We are maintaining our alternatives exposure, but that's specific to the client; some portfolios are more aggressive. And we are slightly overweight to cash. We're not making huge bets here. Our strategy is if we get over 4200 on the S&P [500 index], we're more likely to rebalance. Below 3800, we're more likely to be a buyer.

Hollenbaugh: I think what has kept us out of trouble is having a mind-set of alignment with how we invest our own capital. There are these growth strategies that too often have attracted so much capital at precisely the wrong time. It's relatively easy for advisors to give clients what the clients want, but having a mind-set of doing what's right, not what's in demand, often leads to better results over time.

With interest rates higher, how are you thinking about fixed income?

Hollenbaugh: We manage fixed income tactically for both credit and duration. After Covid, we made a lot of money in fixed income, and we gradually reduced exposure. First, we shortened the duration when we became worried about the potential for rising interest rates. When we entered the second half of last year, the consensus shifted toward a potential recession, so we began extending the duration. That worked well to put us in a neutral position. Now, we have an average duration of about half a year. That's comfortable for us.

In equities, do you see opportunities outside the U.S.?

Williams: On the international side, we think the dollar is overvalued. The U.S. economy will probably underper-

form relative to the rest of the world. Europe is faring much better than expected, and it is trading at a discount compared with its historical average. So, we think there's plenty of opportunity outside U.S. markets.

Hollenbaugh: We have given clients more exposure to a basket of international stocks that have the following characteristics: a price/earnings ratio of 10 and a dividend yield of 5%. There aren't too many places in U.S. markets where you can find that, yet few clients in the past 15 years have asked for more international exposure.

What do you think sets you apart from other teams?

Williams: We're safe hands. This is a noble business, and we take it very seriously. If a client is thinking about an issue, we want to be the client's first call.

Hollenbaugh: We bring a degree of humility to our client conversations. We try to know what we can, but there are things that are unknowable, so we build that into our risk-management approach. It's about balance. Humility keeps you out of trouble because the most dangerous situation is when you think you know a thing but are wrong.

Thanks, Alex and David.

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