



EPISODE TRANSCRIPT

Embracing the Modern Advisor: An Inside Look at Goldman Sachs Advisor Solutions

A conversation with Richard Lofgren, Managing Director of Goldman Sachs Advisor Solutions.

Mindy Diamond:

Welcome to the latest episode of our podcast series for financial advisors. Today's episode is Embracing the Modern Advisor: An Inside Look at Goldman Sachs Advisor Solutions. It's a conversation with Richard Lofgren, Managing Director at Goldman Sachs. I'm Mindy Diamond, and this is Mindy Diamond on Independence. This podcast is designed for advisors like you, who are interested in learning more about the evolving wealth management industry through candid dialogue with breakaway advisors, those from the C-suite, and industry thought leaders. It's available on our website diamond-consultants.com, as well as Apple Podcasts and other major podcast platforms so be sure to subscribe and share it with your colleagues.

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It was back in 2020 when I first wrote about something big brewing at Goldman Sachs. Something that would open the vaunted doors of a firm with one of the most valued imprimaturs amongst advisors. Because when it comes to competitive recruiting, Goldman Sachs has long stood steadfastly outside of the playing field. Loathed to pay aggressive transition deals, the firm focused instead on recruiting second career advisor talent who grew into experienced Goldman Private Wealth Advisors. And it's a formula that worked. Yet speculations circled when the firm acquired Folio Financial, a relatively small custodian with approximately \$11 billion in assets under advisory for about 450 RIAs.

Then they hired two superstar recruiters from Schwab and Pershing, Richard Lofgren and Bill Dalton respectively, sending a shot across the bow that they were lining up their forces to make their own leap into the independent landscape. That is to become the custodian of choice for advisors looking to build their own RIA firms and capitalize on the elite status of the Goldman name, platform and solutions in the process. And while it took some time to get off the ground, Goldman Sachs Advisor Solutions is demonstrating that advisors are seeking a new option in the custody space that will resonate with their vision. For example, the founders of Beverly Hills Private Wealth had their sights set on creating a truly differentiated high-end experience for the high net worth and ultra-high net worth clients.

And Goldman offered a best of all world's value proposition, combining the strength and reputation of their brand, assuring safe asset custody, excellent technology and open architecture to shop the street.

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But the real differentiator was access to Goldman's institutional level resources, including alternative investments, structured products, securities based lines of credit and investment research. The billion dollar former Merrill team in a move that we facilitated was the first big wirehouse team to build their RIA on the platform. And the three founders of Beverly Hills Private Wealth, candidly shared their experience on episode number 232 of this series. I hope you'll listen in.

In this episode we welcome one of the two superstars I mentioned earlier, Richard Lofgren, to get the inside baseball from the managing director who's had his boots on the ground with Goldman since 2020. In a conversation with my partner, Louis Diamond, Richard talks about the Goldman Advisor Solutions value proposition, what differentiates it from established custodians like Schwab, Fidelity and Pershing, and the strategic value to Goldman. Plus, he shares some early success stories and their goals for the future. There's a lot to discuss, so let's get to it.

Louis Diamond:

Richard, thank you so much for joining us today.

Richard Lofgren:

Hey Louis, a pleasure. Thank you very much for the opportunity to join the podcast.

Louis Diamond:

No doubt. So why don't you walk us through your background, including your very impressive and admirable military career, that I know is still ongoing to an extent.

Richard Lofgren:

Louis, thank you for that. It's an important part of my background in history and it really set me up for success, so to speak in the business. But I'm a guy that started driving ships for the Navy and spent a bunch of time in the Caribbean and I spent a lot of time in the North Atlantic and then in the Mediterranean before I started getting into the financial services arena in the mid 90s. So started as a wirehouse broker and advisor trying to build a book of business. And I think a lot of that discipline and ability to work through checklists and the ability to spend time and batch process and really be diligent around tasks at hand and build out plans, it really just aligned nicely with starting as an advisor in the business.

But I'm still serving as a Reserve Naval officer and continue to do that and just crossed the 30-year mark for that with the Navy.

Louis Diamond:

Thank you for your service. And I know it's not just you're a reservist, but you've been called into duty recently and I know also received a very impressive promotion. So you're a humble guy, but can you talk a little bit about your recent achievements?



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Richard Lofgren:

Yeah, I will. And I'd be remiss if I didn't say that part of the success or really a key driver of the success rather, has been the ability to be surrounded by great teammates over the course of the years. But I spent just under a year in East Africa, in Djibouti actually, specifically and had just tremendous support for both me and for my family by Goldman Sachs and my team. It's amazing just to watch people step up when you need something or even if you don't need something, they'll step up and support. It was great to be back in the office and back with the Goldman Sachs team, but as you also alluded to, I was recently nominated for promotion to Rear admiral, and so we're patiently waiting for the Senate to work through the votes and get a number of people confirmed through the Senate.

Louis Diamond:

Well good. Well, it's too bad we got to wait on the Senate or the United States Congress to pass something, but I would say you definitely have my vote. Let's use that as a bridge into the rest of the episode.

Richard Lofgren:

Awesome.

Louis Diamond:

After your military career, you mentioned being a wirehouse advisor, I believe then you started working for J.P. Morgan, had a long stint at Charles Schwab Advisor Services before Goldman Sachs. Maybe just go through those various checkpoints, if you will.

Richard Lofgren:

I started off, as you mentioned in the wirehouse and started off at Merrill Lynch's, part of the thundering herd back in the late 90s and partnered up with a couple of folks that were going independent. And the landscape has certainly changed from really being a cottage industry back then for the independents. And you really didn't have as many of the tools that were at your disposal. So I came over in that timeframe and launched with a couple of folks that were setting up an advisory firm. And so did that for a couple years. And I think that independence bug really got behind and bit me and realized this is a great way to take care of clients. And went to a larger RIA and bought out a firm, Founder, with a group of folks. We built that firm and it was a tremendous opportunity, learned a lot, and really saw all the different sides of the business from limited broker dealers to an RIA to owning a mutual fund.

And we had a hedge fund launched within that. And just a variety of different things that we were able to do, and realized that one of the beauties about being an RIA is that you really have got the opportunity to figure out what types of clients, how you want to approach problems and really find solutions that are out there. And that was really exciting. And then just on a fluke, had an opportunity to



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join the private bank with J.P. Morgan in Dallas and was responsible for all of their high net worth practice that covered the south and the western part of the United States. So spent eight years at J.P. Morgan working there before I went to Schwab and was doing business development for Schwab before joining Goldman about three years ago.

Louis Diamond:

Perfect. So why don't we talk a little bit about your time at Schwab. So Schwab then and now is the definitive market share leader for RIA custody. Can you talk a little bit about your time at Schwab and how you had a front row seat to the growth and development of the RIA channel before moving over to Goldman?

Richard Lofgren:

They obviously have created a very formidable team that has really surrounded advisors for decades, and so that was a real privilege to be part of that team. And they had helped me at a couple of inflection points with solution and custody. But for me to make the move, the Goldman Sachs, the opportunity to join this group of truly passionate entrepreneurs underneath Wall Street, I would contend most storied banners coming together to solve some really complex and challenging situations for advisors, clients, that doesn't come across very often in a career. And so for me, it was an opportunity to run as fast as I could to join this team of entrepreneurs and really work to imagine what's possible for advisors.

Louis Diamond:

That makes sense. So Schwab is Schwab, it stands on its own two feet. So can you talk a little bit more about what drove you to want to make the transition yourself to Goldman at the time when you opted to move to Goldman? I think the custody unit was just an idea. It was probably just about getting started. It wasn't really built yet. So you went from what I would assume was a pretty steady and great job. You were very senior at Schwab, to building something brand new. Can you talk a little bit about your thinking behind that and why you personally made that move?

Richard Lofgren:

When you think about where we are, we made a very deliberate decision, Goldman to bring a market dedicated to custody solution for these RIAs that chose to build their practice by covering sophisticated clients. And so we were not new to custody. Again, storied brand that had been around 150 years, not new to RIAs either because you think about the number of very broad solutions and strategy that the Goldman Sachs had been covering RIAs for decades. And so really for the opportunity to bring that together underneath the Goldman brand, that was enough for me to run as fast as I could to get over here. Obviously we weren't the first to enter the RIA custody market, and in my opinion, I don't think we'll be the last either. I don't think there's ever going to be a day when the industry closes the doors and says, nope, that's it. We're done. We're going to stop innovating.



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So really for us to launch, it wasn't a question about when to enter, but it was really a question about why to enter. And so for us, we're looking for that opportunity to add really significant value for advisors. Again, like I mentioned, we've known custody very well for a long time, and we also have known RIAs very well for a long time. And so really to bring that together and empower advisors to make suitable choices for their clients was something that I felt passionately about and I felt the opportunity to do this with this team and build out a team of professionals and entrepreneurs that are solving problems. I ran as fast as I could to get here.

Louis Diamond:

It seems like a good move for you. I think everyone listening is familiar with Goldman Sachs, but can you walk us through the Goldman Sachs Advisor services value prop? So in other words, the Goldman Sachs RIA custody selling proposition?

Richard Lofgren:

And again, we're really, we've been committed to bringing the very best talent, the technology and innovative ideas to further the success of the clients. And this custodial offering, again, really leverages all of those exceptional resources, that intellectual capital and really the full range of solutions for advisory firms. And it's something that we look at as really the one GS partnership. And this platform is really designed knowing where the advisor industry is heading and the way we think about being a digital forward custodian and working to enhance the client experience by supporting the growth and truly optimize in efficiency, because I think that a number of advisors, the things that cause them pain or the things that are operational or administrative in nature, and that most people got into the business really to spend that time with those clients, having those really rich dialogue around hopes and dreams and fears and concerns and solving problems.

And so when we think about our platform and what we bring to the marketplace, if I can take some of those pain points, so to speak, away, I think that creates leverage for the advisors to really focus on what they're passionate about doing.

Louis Diamond:

Interesting. So you may push back on this comment, but I think a lot of folks think of custody as a commodity and Schwab and The Race to Zero, cutting trading commissions and many others following suit, drove that point home by in essence giving away what they were doing free of charge to the advisor. Of course they make money in other ways. So with that in mind, and feel free to disagree with me, why would Goldman, which makes a lot of money from their private wealth segment, from investment banking, from sales and trading, et cetera, why would they want to move into this very competitive and also low margin market? What was the rationale?

Richard Lofgren:



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The rationale at the end of the day comes down to seeing a need. And I think the fundamental tenet for the independent space is really around choice. And so when we see this, we saw an opportunity for us to offer a choice to advisors that were out there. And so for us to bring all those solutions to bear and allow the advisor to make the choice of which of those were suitable for their end clients and add custody is another one of those choices that were out there. It just seemed like a very, very natural fit for us and an opportunity for us to do something again, that's different than other people. And I think we've got a competitive advantage by not having a number of legacy clients, and I think it allows us to be a little bit more nimble.

Louis Diamond:

Interesting. In thinking about launching, or I guess it's launching a custodian, Goldman acquired Folio, which was an established custodian. You've referenced them before. Was it the act of custody that was really appealing to them or was there other strategic rationales for Goldman entering the RIA custody space? Was it more about distribution of products? Was it more about making money on cash? Like you probably weren't in those meetings, but now that you've heard the pitch and you understand the thinking behind it, can you share a little bit more about Goldman's strategic thinking behind entering the RIA custody space at all?

Richard Lofgren:

I think that obviously it's a complex process when you think about all of the tools that are at an advisors disposal as they're solving these needs. But the acquisition of Folio really gave us a headstart on building that solution. And again, we saw that noticeable gap in the marketplace. And again, we talk about efficiencies, we talk about speed to account opening, those types of things we found very attractive. And the Folio brand that had been around for, or Folio platform rather, had been around for 20 years really gave us a nice headstart into that space. When we look for the types of firms that really we see as a good fit for our platform, we're really focusing on advisors that are growth focused.

And when I say growth focused, I'm thinking about advisors that are looking to grow the existing books of business, either deepen with their existing clientele or folks that are looking to continue to add that additive clients on there. And so those advisors that will see a benefit in our platform, I would say that they're looking at us and say, hey, need somebody digitally advanced? Okay, we've got that. Institutional grade custody solutions, we've got that. Full breadth of services, and you illuminated a couple of them, for the ability, again, for that modern advisor to make those decisions and make those selections of choice that allows them to cover types of clients, types of accounts, types of size clients. Again, what we're doing is really empowering those advisors to make that choice.

And you look at some of those solutions, those solutions I would contend have evolved as a number of these clients have grown their wealth as well too. And so if you think about things that we're really good at, you think about alternatives, you think about structured products, you think about complex single stock strategies or lending against perhaps some non-traditional products, if we bring those to those

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advisors who are seeing an evolution of their client's wealth, it's a perfect fit for us again to be in the space.

Louis Diamond:

Got it. So paraphrasing a little bit, it was a way to bring all these really impressive services and products that Goldman's already offering to their ultra-high net worth clients and to RIAs, but packaging it into the custody space and perhaps getting more of an edge into selling into RIAs. Is that accurate?

Richard Lofgren:

Yeah, I think it is. And when you look at where we are right now specifically, you don't see us competing with RIAs. It's been a very deliberate decision for our team to sit within global banking markets, within that group. And so for us, it's really predicated around a trade and that trade can be a trade in a traditional sense, or it could be lending, that could be the trade. And so for the ability for us to bring all that together underneath the GSAS umbrella so to speak, that's where we are and where we're providing solution for the marketplace.

Louis Diamond:

Let's talk a little bit about fit. You mentioned that you're focused on the growth oriented advisor, and you said even earlier that one of the benefits of starting this custodian almost a novo was you really got to hand pick the individual clients. You didn't have legacy clients you're trying to build around or make exceptions for. So who is the correct fit for the Goldman Sachs custody platform?

Richard Lofgren:

Those end clients that have got a complex or unique needs. I think when you look at us, if we can make the hard easy for the advisor and be that, again, the solution can be custody, it can be the access to the trading desks, it can be access to I would say innovative products through GSAM, those are the types of advisors and clients that really fit. You might not have a fit for every single advisor and not for every single client, but I think that matches exactly the unique needs and construction of each of those advisors practices. And so that's where we see is truly, when I say growth focused advisors, it's those advisors that are growing those assets and they've gotten to a need that perhaps they've got something new for a client that they haven't experienced in the past.

And the ability for them to come to us and say, I've got a problem, I've got a situation, I've got something for you to chew on, for us to bring the team together and surround that advisor with the resources of Goldman Sachs, to help them solve those needs, that's a perfect fit for us.

Louis Diamond:

Got it. Is there a minimum AUM you look for and are you only looking to be the primary custodian or single custodian for a firm?



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Richard Lofgren:

It would be disingenuous to say that we wouldn't like to have everything of an advisor's book of business or be that primary custodian, but we do realize that again, needs change and evolve for clients, needs change for an advisor's business, and we can come in and solve or express that solution for the advisor to continue to grow. That's a long-winded way of me saying I'm more concerned about the quality of the relationship as opposed to the quantity of the relationship. And so we're willing to have those conversations with advisors about what's suitable and what fits within their business.

Louis Diamond:

Understood. It doesn't seem like there's a hard and fast rule, it's more just about how their client base and the client's needs are going to fit in with what Goldman is uniquely set up to deliver.

Richard Lofgren:

I would contend that, and again I'm reflecting back of having been an advisor, and there were always challenges when you had a floor or ceiling set for clients, because I would say the financial needs of clients at times don't neatly fit into a box. And so it's really around the advisor sitting down and figuring out, hey, how can I build the box to hold all those assets or hold all those liabilities or hold all the financial stuff that everybody's got? And so I'm thinking about how we approached it as an advisor when I sat in that seat. I think that's very akin to what we're doing right now as well too.

Louis Diamond:

Well said. So can you elaborate a little bit on how Goldman differs from Schwab, Fidelity, Pershing Advisor Solutions, LPL, Raymond James, Interactive Brokers, TradePMR, Altruist, the list goes on and on, of established custodians that have been doing this in many cases for decades. So how does Golden stack up against them?

Richard Lofgren:

You've mentioned a long list of established custodians that have really set the standard for years and we recognize the expertise and the success that they've had, but again, is that advocate for advisor choice? We're proud to offer an alternative to the big three perhaps that you mentioned and those others. And we really we're embracing that modern advisor and we're looking to leverage the power of technology to remove a lot of those inefficiencies that we talked about and the account opening process and servicing alternatives and access to those trading desks. And really, again, providing that leverage point to the advisor to where they can focus on having the conversations with the clients and less around the sign here tabs and the yellow highlighted spots on account opening documents.

Louis Diamond:



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I like that. I think it's no surprise that many, many advisors, regardless of the types of clients they serve or the market they're in, or even firm or platform that they're currently on, are intrigued and curious about being able to leverage the Goldman platform, but to still be able to call their own plays and operate their own independent business and not have to be captive to a single platform. So that all makes sense. Can you talk a little bit about the unique access that Goldman Sachs Advisor Solutions clients have? So other than just the Goldman brand that's appealing and probably helps with client acquisition. How about the unique access that clients of a Goldman A, Goldman custody now have access to?

Richard Lofgren:

We talked a little bit about you think about single stock strategies, you think about lending, you think about alternatives. And for us particularly in the alternative space, one of the things things we've heard loud and clear, and I would say a challenge that I faced, it was the challenges with regards to getting the accounts opened and serviced and understanding what's going on. And it seemed like a little bit of a black hole at times, and it was a little bit of you're really asking people to trust and now you've got the ability to really work through that where you can see exactly what's going on. You've got the ability to open and service and work against those alternative solutions electronically.

And I think that's something that we find is super unique, and that's something that advisors, we're getting a lot of inbound from advisors that say, we understand that depth of experience you've got and that being able to leverage that technology solution around that, and again, to drive those inefficiencies out and drive NIGOs down, which even saying the word NIGO, I think that probably makes a lot of advisors cringe. But to take that out of the equation, that's something that we're really equipped to be able to solve elegantly for advisors. Face it, the experience that we've got on our training desks, the access to those desks, the access to those individuals that feel so passionately about solving complex problems, that's a leverage point that I think that we're uniquely positioned to be able to add that extension to an office.

Louis Diamond:

That makes sense. So let's pivot the conversation. So two parts of the next segment, I'll call them the elephants in the room, or there's been some news articles that have been going around for a couple of years about Goldman being a little bit slow off the blocks with really building the custodian into something that you guys were proud of and would be able to begin onboarding advisors to. I think you're at a point now where the answer is yes, we're ready to go. But I'm curious if you can just talk a little bit about why it was that Goldman has been a little bit slow to get rolling here.

Richard Lofgren:

I'd contend that we haven't been slow. I find it interesting that the dates and timelines for the business were dictated by people who were not even on the team or even worked for Goldman Sachs. I found



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that kind of interesting. We never gave a specific launch date or again despite the press that was out there, and we've always been focused on ensuring that we're delivering really a top quality product and we continue to remain committed to doing that and firmly believe that the financial services landscape and specifically the needs of those clients are constantly evolving. And as such, we in this platform are going to constantly evolve. And this is never going to be a, yep, we're all done, we're finished, and we're going to take all the scaffolding down.

The advisors should never accept that from any of the providers that it's a one and done, because again, everything evolves. The markets evolve, those clients evolve, the way that you deliver advice and guidance to clients evolve, all those things are evolving. And so for somebody to say, hey, this was the date that you guys were supposed to launch in the business, it's constantly evolving. And so you're never going to hear from us that the platform is entirely built because client's needs are never entirely built either.

Louis Diamond:

So in other words when yourself and Bill Dalton and some other major names around the RIA space decided to join this Goldman Sachs, that wasn't the starting point. You guys were brought in to begin to build the custodian to where you thought it would need to be competitive with some of the other players out there. Is that fair?

Richard Lofgren:

I would say not competitive. I think that the needs that we were solving for at those points in time, we're solving, and we're continuing to evolve. And I would say that the advisors that we have brought onto the platform have had a very active role in helping us shape what the platform looks like today. And I think they're going to continue to help us shape the way it evolves, because we see this as truly as a partnership. And I mentioned that the team is very much about entrepreneurs, and I think that ties in exactly with all of the business owners that are out there in the independent space, that they say, hey, we're evolving the business.

And I think the opportunity that I ran too is the same thing that advisors are running to us as well too, and they realize, hey, I get access to Goldman Sachs's, the history, the excellence, the solutions, all those things that we illuminated earlier in the call, advisors are running this way because they see the opportunity to leverage those tools, but they also see the opportunity to help us define and imagine what's possible for their firms and their businesses and their clients.

Louis Diamond:

Well said. So today as we're reporting this at the end of 2023, are there any gaps you're working to fill or any major initiatives that you're excited about that are going to set Goldman into a new direction on the platform?



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Richard Lofgren:

We talked a bit about the digital forward services backed up by dedicated advisor support. And again, it's trying to figure out what's possible. But one of the things that we're spending a lot of time and a lot of focus around is around alternatives. And again, many advisors are looking for that streamlined service to facilitate that increasingly growing demand by some of the end clients. And that greatest complaint that we all hear around alts in the space is around account opening and servicing. And so we've got some very unique solutions that are there, and we're very eager to talk about this in the coming months, and I think that this compelling answer that we're bringing to the marketplace that's going to remove a number of those administrative and operational challenges and really provide that leverage.

I would tell you that's something more to come, Louis, and that's something that we're excited to continue to evolve and we'll roll out more broadly.

Louis Diamond:

The other question I wanted to ask you was about some of the recent divestitures that Goldman has had. It was recently reported that Goldman was divesting GreenSky, which I know wasn't really related to your business line, but nonetheless it was still a divestiture. And then of course, Goldman PFM, Personal Financial Management, the legacy United Capital being sold to Creative Planning. So not to go into confidential details, but what would you say to folks that look at that and say, you know what, maybe Goldman's pivoting from serving these new markets they're trying to tap into. What would you say to someone who was considering or thinking about using your custody solution but saw those divestitures and it just made them think and wonder?

Richard Lofgren:

I think when you look at where we are and where we're heading, I think that this is just a continued vote of confidence and belief that really where we can add considerable support and add value to those advisors is equipping them with the tools and the solutions and the strategy that we've been known for years and for us to focus on equipping those advisors with those tools and not competing with those advisors. And I think that's a very clear direction. I think it's a very clear demonstration of how we're looking to marshal investment and people and technology and time to solve those needs. And so I think it's an exciting time for us and we're thrilled to be in the space.

Louis Diamond:

Fair enough. Can you share some early success stories? So if you're at liberty to share maybe just some names of early clients. I know our firm's collaborated on one of your first major breakaways, Beverly Hills Wealth Management, and we're going to have them on the podcast very, very soon. But maybe you can highlight some of the early wins that your business unit has had so far.

Richard Lofgren:



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Again, and thank you for the tee up. Beverly Hills has done a fantastic job and have been great partners as we continue to innovate on the platform. But from the beginning we leaned very heavily on the digital transition model, and again, as we've said, taken the pain away. And the dawning process of working through those account transitions. And again, I was part of a number of those, and again, that was probably the most stressful time for me in my career, was working through the transition. And I would say that those early successes that we've had and some of those wins, that's been one of the things that's been taken away, is that pain around the account opening.

And that's something that a number of the firms that have come our way have said, wow, that really wasn't bad at all. And so I think that this just continues to support this notion that account opening is something that we feel like we're at a great place of solving that pain and taking that away.

Louis Diamond:

So are you able to share though some of the early folks that have joined you, what were the reasons they joined and what firms did they come from, just to get a better understanding of some of the early responders that are coming to you?

Richard Lofgren:

A number of these firms have been either they've come out of the major wires and they're truly going independent, and they've made that decision to launch their own firm. We've had firms that have added us as either a primary custodian or they've added us as a secondary custodian for a dedicated segment of their clientele. And those decisions were predicated again on they realized it was easy to move here, and that wasn't the number one driving factor, but it was the access to the teams, it was the access to solutions, and it was the access to custody at the end of the day that all of those things came to bear, and that's what made the decision. It would be hard for me to point to any one reason that these guys would join us. And again, that just surrounds the discussion about choice.

And so each of those things that they came to us, we sat down and we had a lengthy due diligence process with all of those firms trying to better understand what their clientele looked like, think about the size of clients, think about the ways that they were investing, the ways that they were reporting, and all of those things came into a solution for us to say, we can solve that need there. And so really for us, it's about choice and it's about those advisors sitting down with us and helping us understand what they're trying to do. And again, not dissimilar I think from what advisors are doing, is they're going through the process with clients, interviewing them as well to say, hey, are you a great fit for me and for my family?

Because I've got this pool of assets, I've got these pools of liabilities, I've got these, again, these either hopes or fears, and I really want you to either validate or create a plan for me for success. And that's exactly the same thing that we've done with these advisors that have come our way and these firms.

Louis Diamond:

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A conversation with Richard Lofgren, Managing Director of Goldman Sachs Advisor Solutions.

Very good. Other than the products or I guess the trading platform that Goldman offers, what are the services that an advisor's going to tap into? Maybe answer the question two ways. One is for the advisor who's breaking away and starting a business for the first time, very different services that they need, versus an existing RIA firm that's been independent for a while. What are the services or intellectual capital that they're tapping into within your team?

Richard Lofgren:

Break that apart. The common theme that you could pull through either folks that are breaking away from whatever environment that they're coming from, be it a private bank or be it a wirehouse or some other form, or adding that custodian, that subset or segment of their needs that we added, talk about from an additive custodian. Number one, you think about it really dedicated client focused services. And really when I think client focus, it's not just the client support teams, it's not just the, call it either CSAs or client service folks that are working through, call it wires and account movements back and forth. It's around equipping that advisor with that personalized service and access to the trading desks. People think about from a technology standpoint, being able to leverage our technologists into making their businesses more efficient.

For us, we spend a lot of time on really offering that digital forward experience and allowing for a greater automation and accuracy, that solution, again, it's reducing some of those challenges that we've existed and a number of legacy systems. And so for us, we built that platform to be seamless and really digital forward. The experience and respect, you think about the brand that we've got and really it's allowing that advisor the access to the power of Goldman Sachs and these institutional capabilities and that proprietary research and the access to the high touch training desks. And these sophisticated solutions, they differentiate, really allow an advisor to differentiate themselves with their wealthy clients and prospects who have those evolving needs.

As far as recent developments and things that we're seeing that advisors are really saying, yep, I need this. Again, we talked about their alternatives experience, the digital onboarding, the integrated UMAs and model manager capabilities, the lending piece, because I think that it's as important to manage what you owe, is to manage what you own. And so the ability to leverage our lending capabilities, that's something that is certainly unique for us. And so again, even from the operations piece, we keep coming back to that, because I think it's really important that enhanced alternatives experience both on the front end and the back end, the digital client onboarding. Again, reducing NIGOs, the UMAs and the model manager capabilities.

And really the integrations that the advisor chooses to enhance their experience, being able to have those APIs that are out there with a number of tech providers that are out there and really be able to push that data elegantly both directions and allow them to really grow their business and really focus less time around the operational side of things.

Louis Diamond:

Note: This is a transcription of a spoken word dialogue and as such there may be errors and/or omissions.

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Very interesting. That was a very concise listing and I see why folks are finding it compelling. So let's give you two more questions. So one, it's not really about Goldman at all, more so just your views as an expert in this industry. But there's been a ton of consolidation in the space, not a surprise. What's your view on where things are headed? So we had this conversation three years from now or five years from now, pick the timeframe. What does the industry look like?

Richard Lofgren:

We've certainly seen a lot of consolidation, and again, I think back over three decades in the business and a number of large names that are either gone or they've merged or combined or changed. It's really truly amazing to think about what's happened. But the consolidation is going to continue to happen, and what you're seeing is an opportunity for new entrants who are joining the game. And in competition, in my opinion, I think this is absolutely fantastic for clients, because it's forcing everybody to continue to up their game. And you've got to evolve your platform, you've got to evolve your offering. You've got to evolve with the way that you're interacting with these advisors or clients, or you're probably going to be a firm that's not around much longer, is the way I think about it. And so these advisors, they really deserve and demand choice.

And so they're looking for ways that they can be empowered and deliver something unique to their clients and offer better service, and that's going to force everybody to up their game. So your second point around where do I think the business is heading, I don't think we're anywhere near the end of the cycle to use a baseball terminology. I still think from an independent space we're in early innings, and I don't think anybody knows exactly the way the game is going to end or candidly if it'll ever end, but it's just somebody's going to pop up and have something that's totally new. They're going to think about ways to leverage technology. They're going to think about ways to empower advisors to act with better solutions or faster solutions or more secure solutions or platforms.

And it's fascinating to me, and it excites me every single day just to think about what's possible. I spent time and saw you at a number of industry events this summer and just all of the new entrants that were never there, call it five years ago, 10 years ago, certainly 30 years ago when I entered the business, that eagerness, that enthusiasm to solve needs and to solve problems and to help advisors be better at their game, that's something that I get really excited about every single day.

Louis Diamond:

Me too. I agree with you. It is an exciting time to be in the industry. So last question for you. What's a challenge or two that you're keeping an eye on and how do you think Goldman is suited to help advisors rise to the occasion of hitting that challenge head on?

Richard Lofgren:

I think there are a number of advisors that are, perhaps they get concerned about technology, and they're like, how do we integrate technology? Or is technology going to replace me? Again, I think back



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earlier in my career and they said, hey, online trading, that's going to be the death nail for financial advisors. You guys are going to be out of business. It's not true. Robo. Robo is going to take advisors out of the equation. Nope, not true. Oh my gosh, AI is now upon us. What does that mean for me as an advisor? Is that going to take my place? And I would say, no. I would say the advisors that are resistant or reluctant to add technology into their practices or really embrace that, I think those advisors could be putting themselves at risk perhaps. I've often said that the one thing that technology can't solve for is empathy.

And I feel passionately about this because, money, it shouldn't be an emotional issue, but frankly it is. And for a lot of people it ties into other parts of their psyche or just their life. And so technology is something that I think is a challenge that is out there. I think it's really, it's a great time to be entering the space. I think it's a great time to see new entrants coming up with new technology needs that are out there. I think the challenge that you hear from a number of people is talent that's out there from an advisor standpoint. And I would tell anybody that's contemplating getting into the business right now, I can't think of a better business. When you think about the numbers of people that need help and advice, Forbes recently had an article that talked about the fact that they're 10,000 baby boomers, Americans that are entering retirement, which I know has got a different terminology now as we think about what does retirement mean.

But 10,000 are, call it turning 65 and at that retirement age every single day. And the amount of wealth that's getting transferred from the boomer generation to Gen X and millennials, \$68 trillion. And so you think about the opportunity for people earlier in their career to get into the business, work to solve needs, those needs aren't going to go away. They're going to evolve. But I think the appetite for advice and guidance is almost insatiable. And particularly as you start thinking about the fact that we've gone really from defined benefit plans to defined contribution plans. And so people have got large pools of money and they need somebody to help them. And so I really, when I think about challenges that are out there, I think it's about trying to leverage technology into the business and then also make sure that we've got that next generation of advisors coming into the space.

But again, a couple of those industry events that we were at this summer, I was really buoyed and excited by the large number of folks that perhaps were early in their careers. And so that energy and enthusiasm is something I think is going to be great for clients.

Louis Diamond:

If you asked me about two challenges, I probably would've addressed similar ones. I completely agree with you on the role of technology. Look, technology doesn't have empathy yet. Who knows? Never know where it can go. But I'm with you that the best advisors are looking at AI and other tools as an opportunity, a way to make them more efficient, to help them scale their business in a different way, but it doesn't replace the role that advisors have in the ecosystem. I think we're seeing things the same way.



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Richard, I want to thank you for taking time today, sharing the Goldman Sachs Advisory Solutions value proposition. I know a lot of folks have been really curious about what you guys have been up to in the lab, and now that there's more headlines of successes, I think we're going to be hearing a lot more about what you guys can do for the advisory community. So thank you for giving us a peek under the hood.

Richard Lofgren:

Louis, thank you very much. And thanks for everything that you do in the industry, the way that you guys continue to provide commentary, thought leadership, and just insights on what's happening and where it's shaping. I think it's definitely adding to all of us and helping all of us up our game. So thank you for what you and the entire team does at Diamond.

Louis Diamond:

Thank you.

Mindy Diamond:

The independent space has attracted the attention of not only advisors who take the entrepreneurial leap, but even the most prestigious firms on the street. Goldman created a value proposition that is resonating with advisors looking for a differentiated experience, and they've opened exciting doors for growth in the independent space. Thank you for listening. Feel free to email or call me if you have specific questions. I can be reached by cell at 973-476-8578, or by email at Mdiamond@diamond-consultants.com. And be sure to visit our website, diamond-consultants.com and click on the tools and resources link for valuable content. You'll also find a link to subscribe for regular updates to the series. If you're not a recipient of our weekly email, perspectives for advisors, click on the articles link to browse recent topics.

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