JANUARY 16 • 2020 ONLINE EDITION

Forbes

MONEY

How A Top Advisor's Passion For Baseball Stats Turned Into A Wealth Management Career

BY JASON BISNOFF
FORBES STAFF

Randy Conner and his now father-in-law, Fred Fern, often spent hours talking about baseball. At one point, Fern, a financial advisor himself, suggested Conner's love for baseball statistics could help him with a future career in finance.

After graduating with his M.B.A. from the University of Southern California Marshall School of Business, Conner traded batting averages for earnings reports and joined Fern's advisory firm, Churchill Management Group, in Los Angeles in 1993. Now 57, Conner still pays attention to where his hometown Angels are in the standings, but he's spent the majority of the last 27 years helping clients grow and keep their wealth.

Conner first joined the firm as a research analyst and climbed the ranks to become director of research and is now president. Churchill Management Group, founded in 1963, now manages $6 billion in assets for 6,500 clients. Potential clients must have at least $750,000 in investable assets to join the firm.

"Our typical client is someone who has made some money [on their own] and wants to see it grow," says Conner, who spends 40% of his time on portfolio management, 40% communicating with clients and the remainder on administrative tasks. The firm's average client is 65 years old with $1 million in investable assets. "They are more worried about [their wealth] going away than they are trying to hit a home run. Our job is to make them feel comfortable with that process," he adds.

CHURCHILL MANAGEMENT GROUP

Randy Conner

Conner and his firm make those clients feel comfortable by taking a tactical approach to shift to cash if there appears to be risk in the markets. The firm uses proprietary indicators to assess market risk and decide if it should reduce equity exposure. It's an attractive offering for conservative investors who still shudder at the reminder of big market meltdowns from 2000 and 2008. About 70% of the firm's assets are invested in ETFs.

"We are known as a place that is tactical and careful. In this market, the statistics say that the average investor is dialing back, and that is our client: happy to get returns, and more nervous about it going away with no ability to get it back," Conner added.

Broadly speaking, Conner says there are three main market conditions: A bull market, a downturn and the appearance of risk that never comes to fruition. He says his firm is okay with leaving some gains on the table in that last environment so long as his clients see gains during a market rally, and avoid losses during a downturn. In his view, most firms in the industry can only master two of those market environments.

Amid the sustained growth of the last decade, Conner sees the last two years as a good litmus test for investors' risk tolerance. "Take a look back at the last two years and ask yourself how you felt about your investments because it has been a good example of what markets can be like," Conner says. He says investors should think about how they felt in the fourth quarter of 2018 when markets tumbled. "Were you nervous? Conversely, did you feel like you were missing out in 2019?"

Reflecting back on his 26 years on the job (he left the firm for two years after his children were born), Conner says, "The firm has completely changed. In the beginning we thought we had to be the smartest person in the room, the best stock picker and better than the market. Over time, we learned clients weren't attracted by that but rather wanted someone to be careful with their money while they make it."

Ranking is for Randy Conner of Churchill Management Group (“CMG”). CMG did not pay a fee to participate in the Rankings, but may purchase reprints of the Forbes article. The rankings were developed by SHOOK Research, and are based on an algorithm of qualitative criteria, mostly gained through telephone and in-person due diligence interviews, and quantitative data. Those advisors that are considered have a minimum of seven years experience, and the algorithm weighs factors like revenue trends, assets under management, compliance records, industry experience and those that encompass best practices in their practices and approach to working with clients. Portfolio performance is not a criterion due to varying client objectives and lack of audited data. Neither Forbes or SHOOK receive a fee in exchange for rankings. The rating may not be representative of any one client’s experience because the rating reflects a quantitative and qualitative analysis of factors that may include only a sample of the experience of CMG’s Clients. The ranking is not indicative of future performance.