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Morristown Firm Tracks Top Money Managers for Clients

A grandfather left his vast fortune to his grandchildren.

Two of them stubbornly held onto all their stock. They wouldn't diversify; they wouldn't sell anything. They didn't want to pay capital-gains taxes on their stocks. Two other grandchildren diversified their holdings despite the taxes they had to pay.

So, when the stock fell off the table, as stocks are wont to do, the two grandchildren who had diversified remained well off. The two grandchildren who held onto their stock are "now looking for work." That tale of woe is relayed by William J. Supper, CFP, managing director of Massey, Quick & Co. in Morristown, which calls itself "wealth advocates." The two grandchildren who wisely diversified their assets were, not surprisingly, clients of Massey Quick. The firm does comprehensive financial planning, via Supper, but also directs clients to about 25 money managers who have consistently good records.

Actually, there are about 110 managers the firm follows, and Dwight B. Massey, 76, a founder of the firm, compares these managers to the starting team in football. Just 25 are currently starting; the others are sitting on the bench, constantly being evaluated on whether they deserve a chance on the starting team. The people at Massey Quick say they know extremely good investors: people from Morgan Stanley or Merrill Lynch who made their millions, then left (to quote Massey) to "do their own thing with a nucleus of similar guys and good research people" -- and who are more concerned with maintaining their fine track records than with making huge fees based on assets under management. Each of the 25 managers' performances is tracked every month. Massey Quick also checks into the backgrounds of the money managers -- whether they're passionate about the business; whether they invest their own money; and whether they limit the amount of money they will manage.

"Size is the enemy of performance," says Dwight Massey. I interviewed three of the principals last week in their offices overlooking a lovely manmade lake. (Should I have written "person-made lake"?)

A key consideration in choosing and keeping managers, Massey went on, is: How do they protect capital in down markets?

His favorite money managers are not people who focus on their benchmark.

"Being down only 21 percent when the market is down 25 percent is not a victory," he said. "In a down market, we want them to be even, up a little or down only a very little. That's the proof of the pudding." The "Quick" in the company's name, by the way, is Leslie C. Quick III, 54, whose family started the early discount-brokerage firm of Quick & Reilly, which later sold out to a bank. He's a founding partner of Massey Quick. Supper, 40, is a fee-only planner who helps

determine a new client's asset allocation. A graduate of Fordham, he was with Goldman Sachs for 10 years.

A recent arrival and new partner is Joseph Belfatto, 52, a graduate of Seton Hall University and Harvard Business School. Stewart Massey, 50, is a former partner with Morgan Stanley. He was in charge of the investment committee at the College of Wooster in Ohio, where he went to school. He's also a founding partner.

Dwight Massey graduated from Stevens Institute of Technology, then obtained an MBA from New York University. The firm, which is only three years old, has 35 clients, including foundations and endowments, and manages more than \$1 billion.

Clients tend to be people with new money: corporate executives and people who have recently sold their small businesses, for example. What Dwight Massey emphasizes is the firm's objectivity: "We don't sell anything. We receive no commissions." Belfatto said, "We're on the same side as our clients." Massey added, "There aren't many firms like this, where our only source of income is advice. Other companies always seem to have a product they're peddling."