

**GURINDER AHLUWALIA TO STEP OUT, CHARLES GOLDMAN STEPS IN, AS ASSETMARK
CEO**

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Brooke's Note: So now AssetMark has done a 180 from where it stood two years ago when it was still called Genworth Financial Wealth Management. In 2012, it was poorly funded, the purse strings were at an insurance company and its decision-making power was deeply fragmented. Turnaround by a committee and poor capital is not a recipe for success. Now the biggest individual (as opposed to PE firm) shareholder, the CEO and the chairman are all one person. The cook is able to order his own groceries, and shop at Whole Foods. Now of course, Charles Goldman has to make it all work. His sense of momentum seems infectious and so you can see why his PE backers are putting this all on him — and removing other cooks from the kitchen.

Charles Goldman has taken the reins of AssetMark Inc. as president and chief executive — and has upped his ownership stake.

The chairman of the board of the Concord, Calif.-based turnkey asset management program, which manages \$20 billion of assets for clients of 6,000 advisory firms, replaces Gurinder Ahluwalia effective immediately.

Goldman makes his home in Boulder, Colo., but will work full time in California. He plans to look for a place near his new office and has booked a hotel room in the meantime.

In a virtually simultaneous move, Myra Rothfeld, AssetMark's chief marketing officer, is retiring from the company. Her departure amid Goldman's ascension and Ahluwalia's leaving is coincidental, Goldman says. See: Genworth Financial snags Myra Rothfeld from Citibank.

Undercover chairman

The Goldman hire comes only three months after the former head of the RIA custody units of Charles Schwab & Co. Inc. and Fidelity Investments was named chairman of the AssetMark board. Since then, he has launched himself into a from-the-ground-up due-diligence process — something on the order of what top execs do on the television show "Undercover Boss."

"As I became chairman, I got very involved, including monitoring training, high-level client meetings and meeting with salespeople in their offices around the country," Goldman says. "I didn't disguise myself but I spent a lot of time on the front lines."

The decision to install Goldman in Ahluwalia's place was made by board members whose private-equity firms, New York-based Aquiline Capital Partners LLC and Genstar Capital LLC, a middle-market private-equity firm based in San Francisco, put up the \$412 million to purchase Genworth Financial Wealth Management and Altegris Investments. The deal closed last Aug. 30. See: Genworth's TAMP is bought up by two private-equity firms for \$412 million.

Top-management shakeup

"The board decided it was time for a change," Goldman says, adding that he has developed a working relationship with the PE firms through experience vetting the Genworth deal and others before it. See: The 19 ways private equity has juiced up the RIA business and how it's working out.

This kind of change is in keeping with deals of this sort, according to **Daniel Seivert**, chief executive of **ECHELON Partners**, an investment bank in Manhattan Beach, Calif.

"Making top management changes is often one of the first tasks a private-equity firm orchestrates when it takes a public company division private," he says.

"Given that Goldman was the sponsor that pulled the financing pieces together and the architect of the growth strategy — in concert with the PE firms — it is natural for him to redesign the organizational structure, management teams within that structure, reporting relationships, and the tactical action plans."

Ahluwalia expressed optimism about AssetMark's future in a prepared statement.

"I am proud of all that we have accomplished in growing the business into an industry leader and feel that AssetMark has a very bright future as an independent company."

Growth curtailed

Ahluwalia became chief executive at AssetMark in 2004 and oversaw a period of prolonged growth. See: RIA hybrids help Genworth's wealth management business to stunning growth.

But leading up to its sale by Genworth Financial Inc., Genworth Financial Wealth Management, an agglomeration of AssetMark and GE Capital's TAMP, was slipping, clocking in at about \$25 billion early in 2012. In 2011, the net inflows diminished, then turned to net outflows in the second half of the year. See: 'AssetMark' rides again as a \$20-billion TAMP with a receding Genworth hangover.

In earlier press remarks, Ahluwalia attributed these struggles to two factors: being caught behind the technological curve and the failure of Genworth to pony up the capital to upgrade technology.

All-out effort

Making matters worse, Genworth Financial Inc. put the TAMP on the market in early 2012, the type of move that is typically kept confidential but which became an ill-kept secret. Such a state of limbo is never good for staff morale and puts the company in a straitjacket concerning management moves because the parent company tends to only invest in superficial improvements.

Now that Goldman has completed his due diligence and is in the driver's seat, big investments and upgrades can begin in earnest. Goldman's stated philosophy: Do what it takes to make the end investors happy, which in turn makes the advisors happy and his own employees happy.

Seivert says there is plenty of room for him to make a mark using a strategy of improving the basics.

“Given all the new technologies and all the ways there are to educate advisors and customers, there is a very attractive opportunity to redefine the technology, product and service bundles offered by TAMPs. There is also the opportunity to further customize TAMP offerings for the different advisor channels: RIAs, multifamily offices, private bank and trust companies and IBDs.”

With so much at stake on the new venture, the effort is total, according to Goldman, who currently serves on the Certified Financial Planner Board of Standards Inc. and the board of Personal Capital Corp.

“We’re not going to just toss the salad.”

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ECHELON Partners (ECHELON) was formed in 2001 to offer investment banking and consulting to a subset of the financial services industry known as “investment product developers and distributors” (IPDADs). Since that time, ECHELON’s professionals have helped hundreds of senior executives envision, initiate, and execute a multitude of complex business strategies and transactions. ECHELON’s business is making companies more valuable through delivering advice and orchestrating transactions. Accordingly, ECHELON measures its success in the enterprise value it creates for its clients. Companies that strive to outperform their peers choose to work with ECHELON because we are as passionate about their results as they are.

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