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HOMRICH BERG'S **STEPHANIE LANG** HAD HER FIRST LESSON IN INVESTING ON A SCHOOL VACATION. SHE HAS NOT LOOKED BACK SINCE

Stephanie Lang can trace her investment career back to lessons learned one summer when she put her school vacation money to work in the market. Homrich Berg's CIO has not looked back since

Early-stage investor

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Long before joining Homrich Berg as a senior analyst, Stephanie Lang got the investment bug from her father, who encouraged her to put a portion of her summer earnings to work in the stock market. The experiment was successful on many fronts.

For one thing, it was the early 1990s and hard to make a bad bet, Lang recalls.

'My money compounded quickly and that really got me motivated and interested in a career in finance,' she says.

From the start, however, Lang was less inclined to view investing as a get-rich-quick scheme, instead thinking of it as a long game in which measured moves over time can build and protect wealth. That 'steady Eddie' and cost-conscious approach, as Lang describes it, would serve her well. However, there were a few stops on Lang's journey to her current role at Homrich Berg.

After graduating from the University of Georgia with a finance degree, Lang began her career in 1997 as a sell-side equity research associate with Robinson Humphrey. Her first assignment was the technology sector, just in time for the dot-com bubble to burst.

'It definitely gave me some perspective,' Lang says. 'For instance, when valuations seem too good to be true, they probably are. There's a natural skeptic in me when it comes to the idea of infinite growth and analysts trying to attach valuations to that.'

Following that role, Lang moved over to researching media companies, but it was a pretty short stint. 'I wanted to explore a broader asset allocation and I was particularly interested in wealth management,' she says.

Lang went to Bank of America to work as a portfolio manager in the private bank, which she says gave her some visibility into the different business models out there, be it a bank, wirehouse or RIA.

'When I was starting, there were more apparent conflicts of interest, especially between investment banking and equity research,' Lang says of her early career. 'While there certainly were some measures put in place to try to mitigate that, it also led me to question the conflicts of interest inherent in certain investments and how that can shape the actions of managers or firms.'

Lang soon decided she wanted to go back to her roots. 'The way we were investing at the bank was pretty cookie-cutter,' she says. 'I was looking for more opportunistic ways to invest clients' capital and also to give better service.'

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Stephanie Lang

RÉSUMÉ

2014 – present
Homrich Berg,
chief investment officer

2012 – 2014
Homrich Berg,
director

2005 – 2012
Homrich Berg,
senior investment analyst

2003 – 2005
Bank of America,
portfolio manager

1997 – 2003
Robinson Humphrey,
equity research associate

With 300 clients at the bank, Lang says it wasn't realistic to maintain meaningful relationships with all of them. That's where the appeal of the RIA model, and Homrich Berg, came in.

'It was exactly what I wanted to go back to – asset allocation, manager research – but this time with a small and growing firm that I was really impressed with, in terms of investment offerings,' she says.

SEIZING OPPORTUNITY

Homrich Berg had about 30 employees and $1 billion in assets under management when Lang joined in 2005. She came in as a senior investment analyst and was part of a three-person team, which has since swelled to a 10-person crew.

It was common in Lang's early days with Homrich Berg for people to take on multiple roles across the firm. 'As we grew, we institutionalized,' she says. 'From the investments standpoint, for instance, we were able to build the team necessary to get deep knowledge on any specific asset class, whether it's equities, hedge funds, private investments or fixed income.'

Over the years, Lang naturally assumed a leadership role. She was named the firm's chief investment officer in 2014 and became a principal a year later. Upon taking the helm of the investment team, Lang was asked by the firm's leaders how she wanted to build out the department.

'They trusted my judgment and were willing to make the investments in our team, largely because one of our differentiators is our allocation to private alternatives, which is very time-consuming,' she says. 'You need a lot of people spending time and doing the due diligence than with the public side.'

'A PRETTY NIMBLE SHIP'

When it comes to decision-making, Lang says Homrich Berg benefits from being 100%-owned by the principals.

'It's not like turning the Titanic,' she says. 'We're a pretty nimble ship that can take advantage of whatever investment opportunities present themselves to us.'

This efficiency applies to growing the business as well. Homrich Berg has done three acquisitions since 2008 and Lang says the firm expects dealmaking will become a more critical component of its growth strategy in the future.

The firm's client base has mostly grown organically, up to this point. While it has clients in over 40 states, most are concentrated in the Southeast.

As Homrich Berg rose from $1 billion to $6.2 billion in assets and Lang climbed the ranks to the C-suite, the wealth management industry itself changed quite a bit as well.

'The move from active to passive on the asset management side has been a pretty massive gamechanger for the industry,' Lang says. 'Costs have come down, not only on the asset management side as ETFs have proliferated throughout the industry, but now you're seeing it on the trading side.'

Those costs have been coming down for years, but Lang says that with Charles Schwab, Fidelity Investments and TD Ameritrade offering free trading for ETFs and stocks, it's apparent that a 'lower-cost mindset' is spurring transformation.

INVESTMENT PHILOSOPHY

Homrich Berg is a big believer in diversification, Lang says. The firm is only paid by clients and accepts no fees or commissions. Clients receive personalized portfolios.

> THE MOVE FROM ACTIVE TO PASSIVE ON THE ASSET MANAGEMENT SIDE HAS BEEN A PRETTY MASSIVE GAMECHANGER FOR THE INDUSTRY

The firm's typical client, Lang says, has between $2 million and $10 million in investable assets, while family office clients tend to have $30 million and up.

Lang identified private alternative investments as a particularly differentiated offering and a point of focus for the firm over the next year.

'We spend quite a bit of time identifying private alternative managers and hedge fund managers,' she says. 'We have an internal fund of funds where we pool our clients' money together to go into a limited partnership and then we will allocate to private alternative managers whether it's private debt, private equity, private real estate or private natural resources.'

Those funds are generally limited to purchasers with $5 million in investable assets or above. The firm is also looking at other alternatives that some smaller clients or accredited investors can access, she says.

'Investing in direct real estate, like an apartment building or office building, is something clients really respond to,' Lang says. 'They can touch and feel these buildings, they can get income, and it's easy to understand what that investment is.'

Lang says the firm believes investors can earn excess returns in private investments over the public market. 'In most circumstances the recommendation would be to put aside 10-15% of their portfolio in more illiquid investments,' she says.

PREMIUM ON CONSISTENCY

Homrich Berg is 'sticky' when it comes to fund managers, Lang says. 'If they're underperforming for a period of time, that's not necessarily a reason we would eliminate them,' she adds.

For international stocks, the firm leans toward active management, although it lowered its overall allocation due to higher currency volatility and declining diversification benefits, Lang says. Any use of active managers in domestic equities comes down to fees. 'If you're having to pay 1% for a domestic equity manager, it's that much harder to overcome that hurdle than if you're paying 20 basis points,' Lang says.

$6.2 BILLION
ASSETS UNDER MANAGEMENT

INVESTMENT TEAM
10

YEAR FOUNDED
1989

The firm continues to favor active management with regards to fixed income, especially as there is less liquidity with certain investments in the space, she says.

Lang says the firm generally looks for managers with a consistent process and team. 'We're evaluating the track record, but we need that performance to be reflective of the team in place,' she says.

The expectations extend to Lang herself as well. 'Over time, just doing the right thing pays off,' Lang says. 'That has helped me grow into the leader I am today and gives me more confidence as a decisionmaker for my department and within my firm overall.' ◊