

# PLANNED GIVING



## *A Visit to the Oracle*

Delphi brings world-class independent investment advice to the mass affluent

BY JESSICA HANEWINCKEL

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**Marc Channick, co-founder of Delphi Private Advisors, is an active member of San Diego's Jewish community.**

**NOW MORE THAN EVER**, families are more cautious about which financial professionals they can trust with their money. It's sometimes difficult to distinguish those protecting their clients' best interests from those just out to make a profit. It was an acute awareness of this concern — and a strong desire to serve people in the most honest way possible — that led San Diego investment advisor Marc Channick (along with partners Keith McKenzie and Darren Reinig) to found their own investment advisory firm last year.

In Nov. 2009, the partners, who have a combined 15 years of experience in the investment advisory business, left their former Wall Street money management firm and their dual roles as brokers and advisors and created Delphi, an independent investment advisory firm. (The name refers to the mythological Greek site where the Delphic Oracle sat and gave consult to people on all matters of life.)

"[My partners and I] were previously at a firm that worked with some of the largest companies in the world and delivered that mindset that generally is only available to a \$25 million and up crowd," Channick says. "We can now deliver that to the \$2-20 million dollar liquid network segment of the market, which we think is massively underserved by the banks and brokerages. They're overcharged and they're overtaxed. We really wanted to set this up very much like a family office, and those are usually reserved for those who have \$50 million, \$100 million, \$500 million. We want to deliver that service to the mass affluent."

Unlike Delphi, many other firms are not 100 percent independent and carry a dual license, meaning financial professionals can wear two very conflicting hats: they can serve as fiduciary advisors who work for fee rather than commission, and therefore give advice with their clients'

best interests in mind; and they can also serve as commission-based and product-driven broker/dealers, who simply switch gears following advisory sessions when it's time to execute the plan. Many clients, Channick says, are unaware of this dual role that many firms require their financial professionals to play.

"There is absolutely no overlap at Delphi," Channick says. "We're purely an advisory firm. What most people holding themselves out to be investment advisors these days are is dual licensed, which means they carry both the broker/dealer license and the investment advisory license. As investment advisors, as only being [licensed and regulated] by the Securities and Exchange Commission, we are by definition fiduciaries to our clients in everything we do. If you get paid a commission as a broker/dealer, you are held to a much lower standard of care, which is called suitability."

Because they were formerly dual-licensed themselves at their past firm, Channick and his partners know what they want to accomplish as much as they know what they need to avoid.

"We really wanted to start from the solution and have the ability to engineer backwards from there to create a plan that would get clients to the solution as best as possible," Channick says.

Their approach to their work, he says, also deviates from other financial advisory firms. According to Channick, the advisors at Delphi focus on three key elements: advice on asset allocation — how their clients' money is invested in different asset classes; advice on both the market and clients' lives, and how their lives affect their savings; and serving as the voice of reason during chaotic times. Most of what Delphi offers is on the planning side — ensuring that what the advisors are doing for clients in terms of investment strategy fits into the clients' ultimate goals.

"We really focus on getting our clients effective market exposure," Channick says. "We don't

believe you should outsmart the market; we believe you should take what the market gives you, and you should do it very tax efficiently."

Says Channick, his job is to understand his clients, their financial phase in life and their attitude toward risk. Then, he says, he comes up with an investment plan with an asset allocation. The advisor's job is to then keep the portfolio in balance as things become either too euphoric or too dismal.

"If we're doing our jobs right, then our clients consider us one of their trusted advisors — someone who they call on for more than just investment advice," Channick says, "because the more we understand about our clients, the better the advice we can give."

Channick isn't new to giving advice. Prior to entering the investment advisory business, Channick graduated from Harvard Law School and worked as a lawyer for a decade before moving into the investment field with Bernstein Global Wealth Management in Los Angeles. His background, he says, was in finance (he majored in economics in college), but the counseling aspect of law and investment advisory was what allowed him to make the easy switch.

"What I loved about practicing law is providing counsel and advice," he says. "The attractiveness of transitioning into [investment advising] is that it really calls upon all of those skills, and that's really what I am: I'm a counselor. Ninety-five percent of the value of any investment advisor is their outlook, their counsel, the caliber of advice they bring to the table. I always used to joke that I was half analytical geek, half social worker, and this is the perfect job for someone like that because there's a lot of detail and a lot of analysis that goes into what we do, both in understanding our clients and understanding the markets. At the end of the day, it's satisfying the clients' emotional needs that's just as important as satisfying their financial needs."

From Los Angeles, Channick returned to his

native San Diego to work at a Bernstein office here before leaving the firm with his partners and opening Delphi.

Since moving back to San Diego, Channick, who grew up in Congregation Beth Israel, has made himself at home with his wife, their two pets and a host of memberships on boards throughout the Jewish community. He's served on the board at Seacrest Village Retirement Communities and the investment committee of the Jewish Community Foundation since 2006. Since last year, he's served on the investment committee of Jewish Family Service and was a co-chair of UJF's 2009 Men's Event. He's also volunteered his time and talent with the Senior Community Centers of San Diego on their investment committee since 2008.

"I think it's nice to be able to cross over what you do professionally with what you do involved in the community," Channick says. "I think the more you can direct that experience to the benefit of the organization, you're just adding value in a different way, and it's very nice to be able to bring those skills to bear."

It's his Jewish upbringing and continued involvement in Jewish life that inspire Channick to pursue the utmost ethical business practices.

"[Judaism mandates] being as ethical as possible, and this is a business where I think it's always at the forefront of people's minds. People are putting enormous trust in you about an area they might not understand very well. For me, doing what's ethical, going to sleep every night knowing you've done the best you can for your clients — not just because you're legally required to but because it's how you want to do business — is really important." ✧

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