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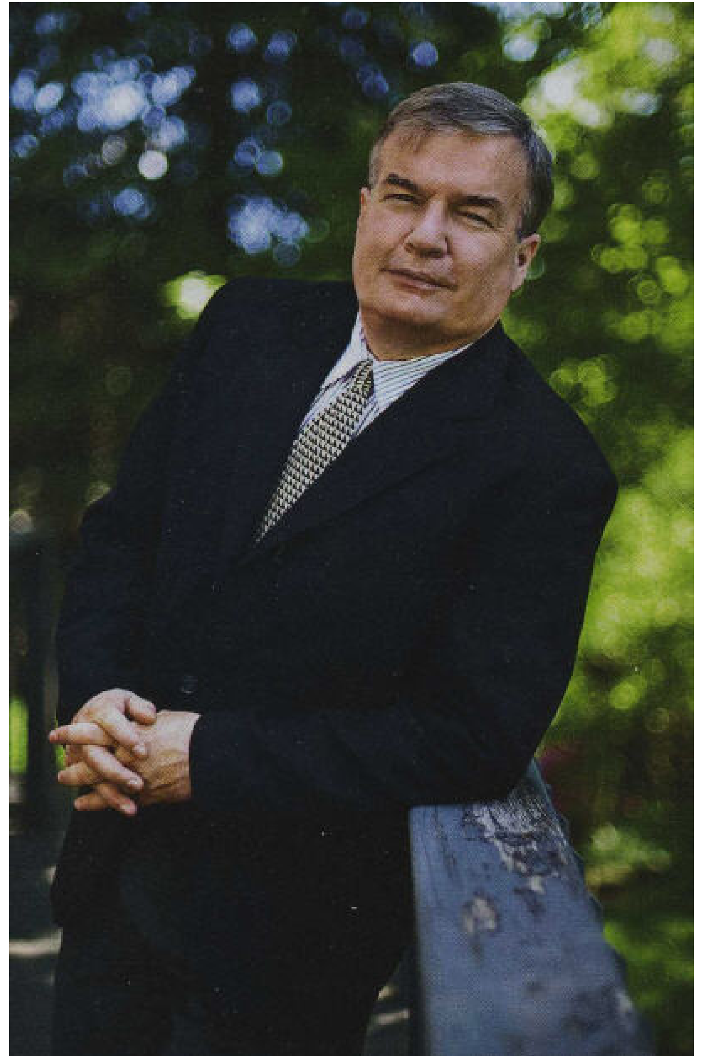
SMARTMONEY MAGAZINE by Elizabeth O'Brien and Neil Parmar

Published June 7, 2010

"INVESTORS DON'T HAVE TO BE IN EVERY ASSET CLASS ESPECIALLY WHEN CERTAIN CLASSES ARE AT BUBBLE VALUATION,"

"AT TIMES DIVERSIFICATION CAN ACTUALLY HURT YOU PARTICULARLY WHEN YOU ARE IN AN ASSET CLASS YOU SHOULDN'T HAVE BEEN IN THE FIRST PLACE."

That approach (passive asset allocation) doesn't sit well with Alan Lancz, an independent registered investment adviser in Toledo, Ohio, who says eight former clients of LPL advisers have joined his practice since 2007. According to Lancz, several said they had asked their advisers to change their model portfolios as the market's crash began, but wound up being stonewalled. The firm's model portfolios are "great from a marketing point of view," Lancz says, but they can go sour on clients who want flexibility. A person familiar with the company confirms that the model portfolios don't allow midstream tweaks; but the person adds that advisers have the option to use "open architecture platforms" that offer more choice in managing clients' investments.



ALAN LANCZ says some LPL customers defected to his firm during the crash because they felt their LPL advisers balked at adjusting their portfolios

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