

A Personal Journey to Wealth Management ”

Tom North takes a passion for finance along with a touch of spiritual insight to become a top-performing wealth advisor.

by
John Chadwell

“Transcendental Meditation opens the awareness to the infinite reservoir of energy, creativity, and intelligence that lies deep within everyone,” Maharishi Mahesh Yogi, founder of Maharishi International University

“If investing were easy we would all be billionaires, but investing is not easy because the markets operate as the exact opposite of human expectations,” Tom North, CIMA, Sr. Vice President, Morgan Stanley

Spirituality and Wall Street may not intersect in the minds of most investors, but to Tom North, a Monterey, CA.-based Wealth Advisor, they represent the true journey to inner peace and worldly wealth. Tom is both a graduate of Maharishi International University and a top producing Wealth Advisor in Northern California for global financial services firm Morgan Stanley. North is a practitioner of yoga, something he has in common with five million others around the country. He is also a Certified Investment Management Analyst (CIMA), of which there are fewer than 5,000 in the entire country.

Tom will remind a client that money will not make you happy, then do everything in his power to assure the client's financial well being. During my seminars on Modern Portfolio Theory, I talk about Howard Hughes. Even though he was one of the wealthiest men in the world, toward the end of his life he had completely isolated himself from humanity and died a sick and broken man, North says. There are many different measures for success in life, and money is just one of them. The only people who think that money will make them happy are those who don't have any. What's important to me is to teach people how to be responsible in the management of the resources that they've been blessed with. ”

Money Management Becomes a Way of Life

North's own journey to inner perception and financial acumen began early in life as one of 18 children who found themselves in the Hollywood limelight when his mother's book *Who Gets the Drumsticks* was turned into the 1968 comedy, *Yours, Mine and Ours,* ” which starred Henry Fonda as Navy Warrant Officer Frank Beardsley and Lucille Ball as Helen North Beardsley. The family lived in Carmel, CA, and ultimately swelled to 20 children. With that many mouths to feed everyone worked, often holding down multiple jobs. Carefully managing money and other resources was a way of life.

My mother was instrumental in my appreciation for the work ethic and finances, North says. My parents bought a couple of businesses. They had a candy and nut store and then they opened Beardsley's *Ye Olde Donut Shoppe*. All of us made donuts. I started when I was 12 and worked there for the next 10 years. North smiles at the thought when

he says he figures he personally made over five million donuts. I haven't eaten a donut since 1975. ”

What pay the children made at the donut shop went back into the family coffer, so North held down two additional jobs in order to have spending money. I realized early on that to be successful in life requires work and self reliance. By the time I left for college, I could appreciate both, thanks to that early life experience, he says.

Even so, when it came time to choose a college, North felt he needed to experience more than the traditional coursework offered by mainstream educational institutions. He found the depth he was searching for at Maharishi International University in Fairfield, Iowa. North describes the university as combining the best of Western disciplines and Eastern meditation techniques. It was here that North developed a passion for investment management. He received his degree in business administration but he literally wrote the curriculum of the course that he specialized in, Market and Securities Analysis. Even his extra curricular activities tended to lean toward the business world.

He and several other accounting majors formed an investment club. We needed a faculty advisor and we knew a physics professor there who managed money on the side, North says. He used applied mathematics to trade the markets and I realized the minute I sat down with him that this is what I wanted to do. When I graduated, the professor had decided to leave the university to manage money full time and took three of us to set up shop as an investment advisory firm. We did that for a year, and then decided to go our separate ways. ”

Today, North finds the concepts of inner development, meditation, and stress management are not only widely accepted but encouraged at many investment management companies. This was not the case, however, when he went knocking on their doors in 1980. It just about kept me from getting a job. I was on my 14th interview before I got hired at Dean Witter [now Morgan Stanley], he says. At that time nobody wanted a weirdo working for them. They didn't understand the benefits of meditation. Now people say Oh, you know about stress management. So what was once a fringe element has become mainstream and now people seem to want to talk about it. Society has undergone a quiet revolution. Materialism, we have seen, time and again, isn't what it's all about. ”

Changing Directions to Benefit Clients

Twenty-three years later, North lives in Carmel with his wife, Connie, and two daughters. He serves on the board of the Central Coast Visiting Nurses Association, and the CCVNA Foundation. In addition to his daily meditation, he cross-trains lifting weights, running and free dives in the Pacific Ocean for fun. And, as a SENIOR CONSULTANT for Morgan Stanley's Investment Consulting Services in Monterey, he works very hard to see the world through the eyes of his clients and use his knowledge of the financial markets to help them achieve their life goals. He wears many hats besides that of SENIOR VICE PRESIDENT, including: WEALTH ADVISOR, RULE 144 SPECIALIST, RETIREMENT PLANNING SPECIALIST, INVESTMENT CONSULTANT, and CONSULTING SERVICES COORDINATOR. Along the road to success, he manages to find that still point for at least twenty minutes twice a day.

"In my 35 years in the financial services business, Tom is one of the most knowledgeable and professional advisors I have had the pleasure to work with," says Chuck Wilmot, Morgan Stanley branch manager. "His feel for the markets and professional qualifications clearly set him apart from other advisors."

The journey to success, however, hasn't always been smooth. He came to a major detour 13 years ago that changed his direction from being a traditional stock picker to a wealth advisor who advocates the virtues of Modern Portfolio Theory (MPT).

"In 1990, I called about 50 clients over the course of a week suggesting that they buy the shares of a large construction company," he says. "The stock had dropped from \$90 to \$15 a share, and they were writing off losses that they had incurred when they bought a big oil company. They had built much of the petrochemical complex in Saudi Arabia and thought they knew everything there was to know about the oil industry."

North explains that the construction company took its profits from the construction project and acquired the oil company, then proceeded to run it into the ground. He watched as they then wrote off another \$500-million. The stock that day was up a half point and he thought it wasn't likely to go any lower. "They had \$6-billion in backlogged business; they had plenty of cash; things looked better for them because they had paid for their mistakes and were ready to move forward," he says. "I called my clients and advised them to buy a thousand shares. Over the course of the week, I sold a total of 500 shares to three clients. At the end of the week I was exhausted and thought there's got to be a better way to be in this business because this is just horrific."

That's when North decided to "change lanes," as he puts it, shifting the emphasis of his business from that of a transaction-oriented broker to an investment consultant, basically transforming to a coaching relationship with his clients as he oversees professional money managers who actually manage the portfolios on a day-to-day basis. "It's the best thing I ever did for my clients and it's the best thing I've done for my business, and I've been growing dramatically as a result."

Modern Portfolio Theory

If ever there is an evangelist of an investment methodology, North can be described as one of Modern Portfolio Theory, which is philosophically much broader than traditional stock picking. MPT is all about how investors construct their investment portfolios based on their expectations of rewards consistent with their willingness to bear risk.

North sees his job as one in which he educates investors on their perceptions of risk and returns—the heart of MPT. "It's a holistic approach to portfolio management in that it's all about portfolio optimization to lower risk and maximize returns through asset allocation," he says. "If working with my clients, I like to draw the analogy of a baseball team. There are certain roles that different characters play. There's the owner, whose money makes everything happen. I think of my client as being equivalent to the owner. Then there's the general manager or coach. Often they're the same person. That's my role, to make sure all the different players are on the field, where they're supposed to be

doing their jobs. And then there are the individual players. These are the money managers. Through Modern Portfolio Theory we have a team that acts independently and together to achieve an outcome –the client s`monetary goals. ”

The Education Process Never Stops

Along these lines, North explains that he tries to take his more than 22 years of experience and knowledge of the financial markets and apply them to his client s`life circumstances in a way they can understand, which is always challenging because the markets and financial management methodologies are constantly changing. Besides providing education and guidance, when someone comes to me for financial advice, they re` also looking to me for assurance that I value them as a person, not just as a client, regardless of the size of their assets, he says.

Stephenie Ward, of Gardnerville, NV, felt that way when she came into North s`office one day 15 years ago. I`walked into Tom s`office, unknown and unannounced, and asked him to advise me on my financial future, she says. That serendipitous meeting has led to a lasting partnership that has given me financial peace of mind. Tom has filled in the huge gaps in my own record keeping every April, and has saved me from tax purgatory several times. Another North believer is Al Jardine, of Big Sur , CA, one of the original Beach Boys, who says: I`have been practicing TM for over 30 years and have experienced the clarity of thinking that evolves from that practice. I see that in Tom and I can t` imagine a more important asset for my financial advisor to have in his portfolio. ”

The analysis of investing has become so complicated that few investors are capable of designing their own portfolios, sending them into the arms of financial advisors, who the investors often assume have all the right answers. Nothing could be further from the truth, according to North.

It s` almost a full-time job just keeping up with the changes in the markets and staying competitive. Anyone who assumes they have all the answers because they ve` been in the market for a long time is setting themselves up for failure. And that includes me, he says. That s` why I am constantly going back to school, taking graduate courses, and getting advanced certifications. ”

The greatest service he provides his clients, North feels, is risk assessment and management, explaining that while risk is unavoidable, it is manageable. Even if you do nothing, there is a risk in that. While we don t` want to take unnecessary risks, we also don t` want to avoid opportunities when they present themselves, he says. Therein is the art of investing as opposed to the science of it. There are a variety of ways to accomplish a client s` objectives and that s` the value I bring, achieving the client s` objectives through the use of risk management techniques. ”