

AssetBuilder Company Backgrounder



In August 2006, nationally syndicated personal finance writer Scott Burns retired from The Dallas Morning News after more than 20 years at the newspaper. Upon making his decision, Burns had dinner with a friend, a former Microsoft executive named Kennon Grose. The two men brainstormed the idea of creating an investment firm that would enable millions of Americans to employ Burns' "Couch Potato" investment methodology through a low-cost, Web-based service platform.

And with that, AssetBuilder was born. Today, the Registered Investment Advisor (RIA) has more than \$143 million in assets under management, and is growing rapidly.

Says Burns of the company's success: "I firmly believe that brokerage firms, insurance companies, and other legacy financial services firms have become outdated. They will have to change their pricing models dramatically if they are to survive the challenge that a company like AssetBuilder presents."

Serving investors with nest eggs starting at \$50,000, AssetBuilder boasts fees that are among the lowest in the financial services industry. The company charges clients between 0.20 and 0.45 of one percent of assets under management annually. This compares to an average fee of about one percent among RIAs, and the much higher fees and commissions charged by traditional brokers.

How does AssetBuilder do it?

Extending Burns' "Couch Potato" philosophy, AssetBuilder combines low-cost index funds and risk-reducing diversification strategies to remove cost and complexity from the investment process. Investors select online from a menu of pre-constructed portfolios grounded in financial science. The company's portfolios feature funds from Dimensional Fund Advisors (DFA), the leader in applying Modern Portfolio Theory to design "smart" index funds and limit trading costs.

Says Grose, the company's president and CEO: "AssetBuilder's clients are investors seeking an alternative to Wall Street's overpriced stock pickers and fund managers. They aren't looking to 'beat the market,' but to capitalize on its long-term growth. We help them to do that – and we do so by the most cost-effective means currently available."

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