



# ACCOLADE

INVESTMENT ADVISORY, LLC

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## **Client Growth Drives Accolade Investment Advisory Past Goals**

Two years after obtaining its first client, Accolade Investment Advisory has grown to more than \$800 million in assets under management from credit unions in Florida, Mississippi and Tennessee. Accolade's Director of Investment Advisory Services, Peter Gibson, attributes the CUSO's growth to three factors.

The first has been an increased recognition of the value dedicated portfolio management can offer, freeing the credit union's executive staff to focus on serving its members. The low rate environment of the past two years forced credit unions to search for ways to boost earnings on their excess liquidity. By utilizing Accolade's experience and expertise, they found other alternatives which presented superior total return characteristics. However, these investments frequently required detailed pre-purchase analysis and on-going monitoring which the credit union didn't have the time and/or tools to perform themselves.

Second, Accolade's clients recognized that the significant savings of executing trades through the country's largest, wholesale broker-dealers would result in a considerable decrease of the commissions embedded in security purchases. These savings alone were more than enough to offset any advisory fees incurred for many of Accolade's client credit unions.

Finally, credit unions value the strong risk management approach Accolade utilizes, requiring compensation for any embedded risks the credit union chooses to put on their balance sheet through security purchases. Recognizing that any product with above-market yield generally carries above-market risk, Accolade has assisted its clients in quantifying the link between the credit union's investment purchase decisions and its overall ALM profile.

"Going forward, credit unions should be mindful that any of the investment decisions made over the past couple years don't constrain their ability to offer products and services as rates rise from these levels," says Gibson. "Some credit unions are dealing with portfolios containing large concentrations of callable certificates at relatively low yields. With rates largely stagnant over the past year and a half, and now poised to rise, the new environment will create either problems or opportunities, depending on a credit union's portfolio management. Many credit unions are unsure how to ideally structure their portfolio to outperform in a rising rate environment, where they may earn more, but will also be challenged to pay higher yields on their members' deposits," said Gibson. "Accolade helps its clients position their portfolios to capture the yields

they need to supply their members with above average deposit rates while also positioning it to capitalize on the opportunities created as rates begin to rise."

Accolade Investment Advisory is a CUSO owned by Southeast Corporate. For more information about Accolade, please contact Bill Stewart, Member Relationship Manager, at (800) 342-0203, ext. 6816 or visit [www.accoladeadvisory.com](http://www.accoladeadvisory.com).

