

ADVISOR

INSIGHT

NINETEEN IN A SERIES OF ONGOING CASE STUDIES WITH LEADERS IN THE FIELD

KENJOL CAPITAL MANAGEMENT

KENNETH J. LANDGRAF
PRINCIPAL, FOUNDER, PRESIDENT & CIO

PATRICK T. MOORE
SENIOR FINANCIAL ADVISOR

DAVID H. LEWY, CFP®
PORTFOLIO MANAGER

POWERFUL PARTNERSHIP BRINGS MORE AUM:

*Flat-Insurance Fee VA plus
Account Aggregation Capture
Greater Share of Wallet—and
Add Greater Value for Clients*

SMART ZONE INVESTING

"I guess you could say that trading is part of my DNA," says Kenneth J. Landgraf, Principal, Founder, President and Chief Investment Officer, Kenjol Capital Management, a nationally recognized RIA serving affluent individuals and institutions. "In today's volatile market, more advisors are adopting a tactical approach. But this is something I've been doing for 25 years."

The strategy served his clients well in the crash of 2008. "Everyone might say the markets always go higher," he continues. But based on their tactical approach, Kenjol started exiting the market in a major way in August of 2008 — well ahead of the 57% drop in the S&P.

"We call it Smart Zone Investing," said Patrick T. Moore, Senior Financial Advisor for Kenjol. "It's full sail when conditions are just right, then pull back as the risk gets too high." At the core of Kenjol's risk management is the ability to go to cash to seek "safe harbor" for their clients. "We've had very low client turnover, and I think it's a result of our active approach." Even in today's challenging market, Kenjol has not only retained clients, but added them, growing to over \$80 million in AUM.

ACCUMULATE MORE WITH TAX-EFFICIENT FRONTIER

"Clients say, 'We're making money, your approach is great.' But taxes are an issue, because our tactical investment approach generates short term capital gains," says Landgraf. "And so a VA is one answer." But not just any VA. "As a group, VA's are a high cost product, you don't know what fees are in there, you don't know what's in the

investment options, it's problematic getting the daily pricing information, and they're just more difficult to trade."

"The cost savings that you get with a flat-insurance fee of \$20 per month¹ is powerful—there's just about nothing else that can beat it."

That's why Jefferson National's Monument Advisor is a leading VA Kenjol recommends for their clients. "The cost savings that you get with a flat-insurance fee of \$20 per month¹ is powerful—there's just about nothing else that can beat it," says Landgraf.

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“You can create greater efficiencies for tactical strategies. You can 1035 over to help clients save more.² You have some asset protection from creditors. And a low-cost VA can also come into play for new money.” Research shows that clients can increase returns by as much as 100 basis points without any increase in risk, achieving the tax-efficient frontier by locating tax-inefficient assets in a tax-deferred wrapper.³

Finally, says Landgraf, “Given the higher tax rates coming up in 2013, you have a two year window. There are two things

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you can do. One is to have tax loss carry forward. After you burn those off, you might get some money into a Roth. But the other important vehicle is a VA.” He then adds, “Clients are always concerned about taxes, right? For some clients, it can make sense to place some assets in a VA and defer taxes.”

CONSOLIDATED ACCOUNTS KEY FOR HOLISTIC MANAGEMENT

When it comes to managing assets inside a VA, Moore says, “This is a place where Kenjol can add tremendous value to our clients. But we might not have given this a second thought in the past because of the difficulties doing it.”

That was before Kenjol added the account aggregation capabilities of ByAllAccounts. “We can connect very easily now and grab those assets in annuities like Jefferson National, as well as in qualified benefit plans, to actively manage them for our clients,” Moore says. “Now not only are we growing the assets with our investment program, but we can see that our clients are growing the assets with their contributions and their employer contributions as well.”

“Our focus is primarily high net worth individuals,” says Kenjol’s Portfolio

Manager, David H. Levy, CFP®, “And that tends to lead to an older demographic. Most of our clients are in their mid 50’s and headed towards retirement age.” To make the most of client assets in those pivotal years before retirement, using account aggregation with ByAllAccounts is key for the firm and their clients to see the total picture. And when his clients, especially the high net worth, max out qualified plans like 401(k)s and IRAs, Jefferson National’s flat-insurance fee VA is an excellent choice in helping them accumulate more⁴ — part of a comprehensive plan to fund a retirement that could last 30 years or more.

SOLVING THE RETIREMENT INCOME CHALLENGE

That leads Landgraf to one of today’s most urgent planning issues. “The retirement income challenge starts with one question: What’s the reasonable withdrawal rate?” As a rule of thumb, Kenjol will advise most clients to target five percent. “I use the phrase: take the fruit; don’t saw off the branches,” he says.

“But the biggest challenge right now is how to generate income when there is no income out there and yields are so low,” said Levy. “Try to buy a five year CD. Today, you are going to get nothing.” As for traditional VAs with an income guarantee, Moore asks, “Is it a good deal? Well, it depends on what side of the table you’re on. Take these income guarantees apart, and they are really expensive. Very rarely have we seen one that is a good deal for our clients.”

RECOGNIZED RIA HELPS INVESTORS ACHIEVE TAX-EFFICIENT FRONTIER

→ THE CHALLENGE

How to drive more AUM—and add more value for clients?

→ THE SOLUTION

Partner with Jefferson National and ByAllAccounts to bring on more fee-based business and integrate “held-away” assets.

→ CLIENT VALUE

First VA with flat-insurance fee offers powerful tool to accumulate more—Consolidated accounts yield better and more timely investment advice for investors

→ ADVISOR VALUE

Low cost, more choice plus efficient, scalable process for viewing client account information helps capture more investable assets.

“I haven’t heard the word scalability used. That’s really what ByAllAccounts allows us to do.”

Instead, Levy says, “We take an active, hands-on approach to clients’ income needs and adapt to opportunities in the market. Recently we’ve used heavy active management on high yield bonds.” With 6 times more investment options than the typical VA⁵, Monument Advisor offers several high yield bond funds, as well as investment options ranging from large cap to small cap, REITS, commodities, currencies and hedge-like funds, to help Kenjol execute a variety of innovative strategies in a tax-efficient manner.

TECHNOLOGY DOES THE JOB

“I’m a believer in outsourcing,” says Landgraf. “Do you want to spend your best time with your clients, or do you want to spend your best time working on some spreadsheet in the back office?” If there’s a technology that can do the job for you, he believes it’s something worth adding. “I’m very pleased with my decision to add ByAllAccounts.”

Levy says, “I haven’t heard the word scalability used. That’s really what ByAllAccounts allows us to do. It allows for the process to be scalable and takes a lot of the manual labor out of the equation. About \$8 million, or 10 percent of our business is assets that are in ByAllAccounts today.”

And when it comes to adding value for clients, Levy makes clear, “There are three things that, as an active advisor, we need: access to be able to make the most informed decisions; more sub accounts; and the ability to buy and sell sub accounts with no handcuffs, so we can change with the market.”

According to Levy, ByAllAccounts gives Kenjol the access they need, to show the way various elements of the client’s financial picture fit together, rather than looking at things in separate silos. And when it comes to the sub accounts and trading capabilities Kenjol needs, Levy says, “Jefferson National has it all—the most fund choices and a product that’s set up to provide a great Portfolio Management Platform.” A

powerful partnership to help investors achieve the tax-efficient frontier.

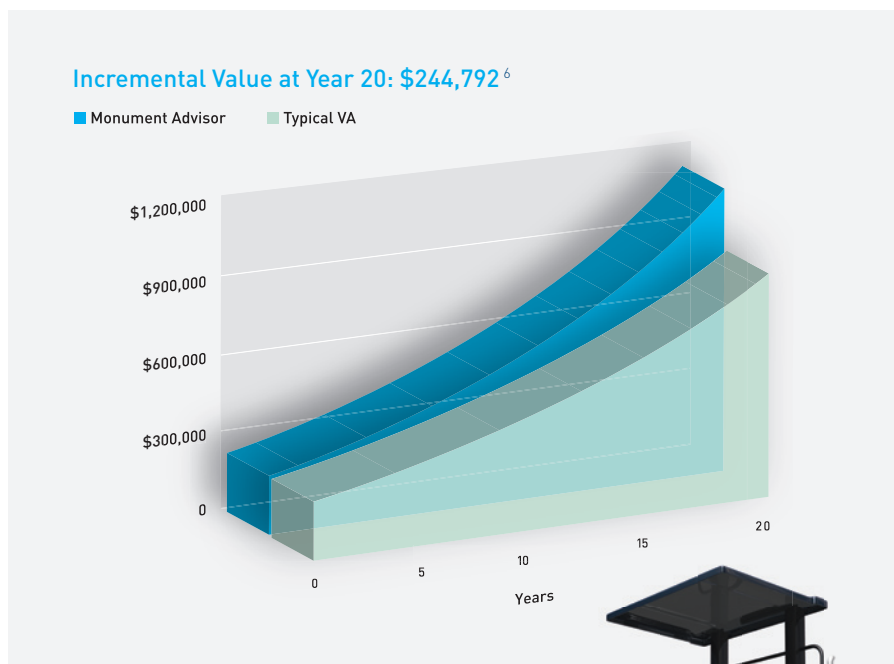
Moore says without hesitation that partnering with a leading account aggregation service and the industry’s first Flat-Insurance Fee VA has been a big win for his firm — and a big win for his clients. He wraps it up by saying “We’re very pleased with what both Jeff Nat and ByAllAccounts has done for us to help us add value to our clients.”

ABOUT KENJOL CAPITAL

Kenjol Capital Management (KCM) is a registered investment advisory firm founded in 2001. Nationally recognized by the financial news media, KCM advisors have numerous appearances in print media and on financial news outlets including The Wall Street Journal, CNBC, Fox Business, CNNMoney.com, and TheStreet.com. Kenjol assists affluent individuals and institutions in

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making smart investment decisions, working with individuals, trusts, retirement plans, and corporations both locally in Central Texas and across the continental United States. To learn more, please visit: www.kenjol.com



ABOUT BYALLACCOUNTS

ByAllAccounts, the financial advisors' choice for account aggregation since 1999, is the only service that retrieves, enriches and consolidates reconciliation-ready account data from any custodian. ByAllAccounts' patented aggregation engine, through which hundreds of billions in assets flow daily, aggregates all client account data - from any source - within an advisor's wealth

management platform or trust accounting system for a truly comprehensive view. Thousands of advisors rely on ByAllAccounts to save administrative time and costs, mitigate risk associated with having incomplete information and grow revenues through client referrals and new business development. ByAllAccounts integrates seamlessly with all of the most popular wealth management platforms. For more information, visit www.byallaccounts.com.



ABOUT JEFFERSON NATIONAL

Jefferson National is a leading innovator of retirement products for fee-based and fee-only advisors and the clients they serve. We believe that simple, low-cost variable annuities should be considered for every retirement portfolio, and we've made it our mission to help Americans save more by launching Monument Advisor, the first VA with a flat-insurance fee and 330+ tax-deferred investment options. Jefferson National serves more than 50,000 customers nationwide. To learn more, please call 1.866.664.0564, option 1. Or visit www.jeffnat.com.

Monument Advisor
from Jefferson National

Flat is beautiful.®

1 Jefferson National's Monument Advisor has a \$20 flat-insurance fee on more than 97% of our underlying funds. Certain funds also have a transaction fee ranging from \$19.99 to \$49.99 per transaction, depending on the number of transactions per year. See the prospectus for details. Like other variable annuities, the customer pays fees of the underlying funds selected plus the fees of any advisor hired. **The base contract does not provide an enhanced death benefit. An optional enhanced death benefit is available for an additional fee. Please see prospectus for details.** 2 Before switching to Monument Advisor, please review the policy and prospectus to identify any penalties, surrender charges or loss of benefits that may pertain to your existing variable annuity contract. Monument Advisor does not provide enhanced living benefits. 3 The Tax-Efficient Frontier: Improving the Efficient Frontier with the Power of Tax Deferral, David Lau, Jefferson National, 2010. 4 There are no additional tax benefits of having a VA inside a qualified plan. 5 MORNINGSTAR® data as of 12/31/10. 6 MORNINGSTAR® 12/31/10: The typical annuity insurance fee is 1.35%. Asset size at year 0 is \$250K. Assumed hypothetical annual growth rate for this illustration is 8%. This is purely hypothetical and does not reflect the growth rate of any annuity. Monument Advisor does not provide living benefits, death benefits or additional riders.

Guarantees are based on the financial strength and claims-paying ability of the issuing company: Jefferson National Life Insurance Company. Annuities are not FDIC insured; they are not deposits, obligations of or guaranteed by the bank or any federal government agency; and they involve risk, including the possible loss of principal. Jefferson National variable annuities are issued by Jefferson National Life Insurance Company, with Administrative Offices at 9920 Corporate Campus Drive, Suite 1000, Louisville, KY 40223 and are offered by prospectus only. **Jefferson National Securities Corporation is a member of the FINRA** and the principal underwriter of the variable annuities issued by Jefferson National. Policy series JNL-2300-1, JNL-2300-2.

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