

# DIVIDENDCAFE | PODCAST TRANSCRIPTION

FRIDAY – OCTOBER 2, 2026

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Hello and welcome to this Friday's Dividend Cafe. I'm your host, David Bahnsen, and I am very excited to be going off our normal scheduled programming with what I hope will be a very special Dividend Cafe. Let me just do a little housekeeping very quickly. On Monday, we're gonna do our normal Monday Dividend Cafe as best I can. There's a bunch of meetings of money managers Monday, and I'm gonna get it recorded in there somehow, but we're gonna deliver that normal Monday-style Dividend Cafe. And then next Friday I'm gonna be back to regular investment, economic, thematic Dividend Cafe, where I really do want to, at a deeper-level, jump into this issue with bond yields, what has gone on with interest rates at the long end of the curve, what it means to the economy, what it means for investors, why it's happened, why it hasn't happened, and just fully unpack that in a way that I think will be very useful.

That seems like a really Dividend Cafe-friendly kinda topic. We'll do that next Friday. But next week, between that Monday and Friday, myself, Kenny Molina, our Director of Investment Solutions, Brian Szytel, my co-CIO, a good portion of the meetings, Robert Graham, who serves on our investment committee, will also be in attendance. And so we will be doing what we've done together now for quite a few years. And in total, I've been doing this now—this will be our twenty-first year—meeting with money managers all over New York City, the vast majority of which we already have substantial money invested with, some of which are newer managers we're looking at, we're kicking the tires on. But I wanna do a full Dividend Cafe recapping all of those meetings, all those economic takeaways, all those portfolio thoughts, but I just can't get it done for next Friday's Dividend Cafe when I'm still gonna be in meetings on Friday, and so we'll make that the subject of the next Friday's Dividend Cafe.

So you know what lies in store for the next two Fridays, but for today, I wanna talk about The Bahnsen Group, our company. And any of you listening right now who are clients, this may be a little bit more up your alley. Those who are not clients, you may say, "Come on, give me some bond yield talk," but I just told you I'm gonna do that next week. I actually hope it'll be useful and interesting for everybody. But this week we celebrated a momentous occasion at our company. It was announced back in April that we have become a wholly-owned subsidiary of Hightower Advisors. The deal closed on Wednesday of this week, September 30th. DC FRIDAY 20261002 TRANS

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But it had been announced many months before, and so we've already had conversations with a million people between now and then. But with the deal closing, there's a lotta questions people may have about what it means, what it doesn't mean, and I just, being the nostalgic sucker that I am, thought that a past, present, and future dialogue about The Bahnsen Group with the utmost candor from yours truly, who is the founder and managing partner of the business, I thought it might be useful. So I wanna start in a place where I've actually, I don't think, ever really publicly started. And maybe I have in certain speeches or something, but I'm almost positive I haven't really gone there in any detail in Dividend Cafe. And I wanna start even before my financial services career began, which at this point now is over 26 years ago.

But the brief years in my adult working life before then, the basic genesis of it is that I never spent a day in a college classroom as a result of my father passing away right after high school and me having to go to work. And what I did for work was manage musical bands because I happened to have some friends who were in bands, and I needed to make a living, and I was pretty good at it. And a couple of them apparently were pretty good at the music thing because we had a lot of success. And so that business supported me in my young 20s into my mid-20s at a time when I was orphaned and unbelievably broke and ready for adult life. And there's a whole lot of personal stuff that could get unpacked there, but I don't wanna do that here at Dividend Cafe. Let's just say it was a difficult time and a very rewarding time all at once, and I grew up a lot through the process. But I also did have a little bit of success. For a guy in his young 20s, I was making a pretty good living, and we were going through the 1990s, which was an incredibly fun time, in the middle of the '90s, to be investing in the stock market.

And so I invested personal money through that period, and I enjoyed the process of blowing myself up in the tech boom and also enjoyed the process of working with musicians until I did not enjoy working with musicians. And in that time period, for those of you listening in Southern California, you may remember a place down in Lido Marina Village called George's Camelot. We had an office in Nashville, Tennessee, and we had an office in Newport Beach, and that office was in Lido Village, and there was a little restaurant down there, it's no longer there, called George's Camelot. It's actually where Joleen and I did our rehearsal dinner over 25 years ago. But I would go down there quite a bit and have my dinner at the end of the day and got to know a guy by the name of Mike Gaynor, who has since passed.

But Mike lived a long and, shall we say, colorful life. Mike and I became good buddies, and he had been at a firm called PaineWebber for a very long time. He'd been at a couple other firms before that. He'd been in the business, in the financial services industry, since the 1960s, and he had kind of a unique sort of middle-markets hedge fund coverage position at PaineWebber. It would become UBS. But anyways, he was always saying, "You ought to enter our business. I think you'd do real well there." I entered the business on Mike's introduction into the financial advisor training program at PaineWebber, and then they sold to UBS, and I think you know that

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shortly thereafter the technology boom-bust issue happened. And I've said a thousand times that I blew up one person ever as a result of reckless investment mania, and that person was myself in the late 1990s. But I entered the business and became a professional investment advisor without ever having to learn those mistakes with clients, and it may be one of the best timing issues that ever accidentally or, providentially, I should say, happened to me.

But let me fast-forward a bit. I wanna pick up the pace. But I did really work hard. Newlywed, a great set of folks that gave me great counsel, and I built a great little business at what, at that point, had become UBS PaineWebber. And a couple years after all of the dot-com blow-up, I adopted dividend growth philosophically. And so I had about a \$100 million business, and the headhunters were calling and so forth. And a second huge act of providence—there are many acts of providence in my professional journey, by God's grace—but I decided not to act upon the very aggressive solicitation and very tempting efforts to join Bear Stearns, which roughly two years after this conversation and meetings and visits and whatnot, they would be no more.

But I did, in the early part of 2007, make the decision to move to Morgan Stanley. And then I experienced the financial crisis at Morgan Stanley. I moved those clients over. I had an assistant at the time who came with me. And at Morgan, I really was working hard and growing. And at that point, Joleen and I had just had our second child. And all that to say, I started building a team at Morgan Stanley, and I went through the financial crisis together. And I am very happy to say that it is not a matter of surviving that crisis, but thriving through it. We put our heads down, and I believe we did what we needed to do to take care of our clients and continue to work hard to deliver value to our clients and offer value to other people's clients when that was not happening all the time.

And we grew a lot through that extremely difficult period. I learned a ton, and it became sort of an obsession of mine, and it was a seminal moment in my life and in my career. And in 2012, another really huge moment happened, is that one of the other guys in the office had a small practice, was a great advisor, had been in the business about as long as I had. You know him as Brian Szytel. But Brian was introduced to me by our manager in that Morgan office, and he joined forces in our team, and we've been partners ever since, and it was an extraordinary move for both of us. It really added a great deal of value to what we both needed at that time in our own professional lives.

So that was, I think, the first expansion of our team that I would say really changed the business. We subsequently brought in Kimberly Davis, who many of you know, originally to kind of serve as a planning director, and she ended up becoming one of the great advisors of our business and has just been a phenomenal colleague and partner for a very long time now. And then still at Morgan Stanley, we added Robert Graham around that same period of time. Originally, Robert was gonna come in and help stand up a 401(k) business, but he also became a

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truly gifted private wealth advisor and then partner in our firm. And so the four of us are still standing.

There were four others at the time in other roles with the business, not advisors. But eight of us left Morgan Stanley and defected to the world of independence. And I had been on that journey throughout 2014, exploring what it would look like, whether or not I wanted to do it. It was a big risk, but there was a lot of opportunity in it, and I'd become obsessed with the idea of the fiduciary standard and how clients are served, of having the right conflict-free, client-centric approach, working for clients, not somebody else. Those things just became very, not only ethically but professionally, compelling to what we wanted to do. And candidly, I've said this 1,000 times, if we had not gone out to start our own business, I don't believe we ever would've left Morgan Stanley. It was a fine firm. If I was gonna be a managing director at a big Wall Street firm, I was really happy and quite honored to be managing director there. We think so highly of the company as investors that we own it in our dividend portfolio to this day. It's just that there was a vision to do something different independently.

But part of that involved finding the right strategic partners and custodians. I should say real quick, because I elaborate on this more in the written Dividend Cafe this week, but let me just say for those of you listening, when we talk about independence, as a matter of technicality, what people are referring to—a lot of folks can mean different things by it. But what it means in financial services is where the custody and the advice are independent of one another. So when you're at one of the big firms, they are getting paid to give you advice, and they're getting paid to hold your money, and they're getting paid to execute trades for you. They custody. They provide the banking services. It's a vertical model. They have a lot of revenue sources. And I'm not saying that there's anything wrong with it per se, but the independent channel is where advice and these other elements like custody and trading and banking are separate. And so we wanna be able to be holistic in the amount of services we can provide clients, but not conflicted.

And so we get paid to give advice, and then we are responsible to find all of the right partners around the different elements that go into that value chain, if you will. And that was the thinking in driving us to start our own business, as well as the desire for something truly entrepreneurial. And at the time, I was 40 years old, and I said, "If I'm gonna do this, I need to do it now. I don't think I'm gonna end up doing it if I wait a long time more. But if I'm gonna do it, this is the right time," and that's what we did.

So in search of that strategic partner, there were custodians, and Brian and I spent a lot of time meeting with Fidelity, Charles Schwab, and if you're a client of our firm now, you know that we custody at one of those two firms for all of our clients. And then this kind of strategic partner behind technology, behind transitioning the clients that we had from our prior firm to the new

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place, the kind of back-office functions that would be a part of it. We were a bunch of advisors, and we managed money, and we did financial planning, and we did estate planning, and we provided wealth management services to clients. But the back- and middle-office functions, we wanted the right strategic partner around, and I interviewed everybody, met with everyone, and ultimately ended up finding a firm out of Chicago called Hightower Advisors, who was one of the more elite, in my opinion, elite boutiques that provided these sort of services.

And so we worked with them and became that independent firm that we cared about. And then I'll fast-forward more, but there was a tremendous evolution in our business. We continued growing. I now was not an employee of a company that was at ground zero of the financial crisis, and I was free to write my own book about the financial crisis, which I did do in 2017, called *Crisis of Responsibility*. I began getting invited on media more. We opened an office in New York City. And we were just doing what we do well, but independence served us well. It fit us. We made the most of it and grew and grew.

And in 2018, it was kind of late '17 going into 2018, Hightower had a change in their cap table, and a new lead investor came in. And we had some really great meetings with them to realign our commercial relationship and really use Hightower as a services vendor, behind the scenes on technology, regulatory compliance, supervision. And then we really asserted that independence in our branding, in our content, in our investment delivery, and yet continued to enjoy a very mutually beneficial relationship. But it was a bit more behind the scenes. And they didn't own any of us. But we were working closely with them, and they provided a lot of services. I tell my team that we dated for a long time. They, in their business model, were out acquiring a lot of other teams, providing services but having an economic ownership relationship. But we were kind of in our own agreement and deal with them that served everybody well. They had a new CEO come in. I was very close with him, and we just continued to put our heads down and grow. Hightower was growing in their own business model. Bahnsen Group was growing in our model. And it was just, as I said, a mutually beneficial relationship, and I am quite confident clients were very well served by it.

You fast-forward to the present. We now have 14 offices in 13 cities. We're managing \$10.5 billion, and we've enjoyed a tremendous period of evolution, standing up a full tax department, launching a really robust family office program over five years ago. Let's call it 110 employees now. We have five new people starting next week that we're very excited about. The size of our investment department, our planning department, all people just there providing services. The growth of our business has always resulted in us reinvesting into the resources we have as a company, as a firm, as a practice, if you will, to serve clients, and I think we've done that the right way and been rewarded for it.

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And when we announced back in April that we were being acquired by Hightower, that now we would have a commercial relationship with them that involved ownership in addition to the services they provided, the analogy I used with the team was that we had been dating for a long time, and I did not want to marry someone we hadn't dated. They were the right marriage partner. We already knew them. They already knew us. I had tremendous confidence in their mousetrap for services we needed, and they had become very, very confident in us as a growth partner going forward.

But the one thing that was never up for debate, for them—I don't just say this because I insisted on it and our lawyers made sure their lawyers knew. I'm saying they were always on board—we were fully committed that we were gonna run independently, that we were gonna maintain that autonomy, and they didn't want it any other way, that we were gonna leverage the resources they had, as we always had with certain back-office functionality, billing, custodial relationships, the tech stack, the investment in cybersecurity, the investment in a client portal. These are all functions that have come from the services we've paid Hightower for for a long time. Those things are and were going to continue in our discussions. But in expanding the commercial relationship, what we wanted to protect was the autonomy, and what they wanted to protect was our formula that had made us successful.

And that alignment allowed this to be just a very, very successful, productive, effective marriage. I wrote a vision statement for the business when it was me, myself, and I, and it was never really just me, myself, and I, because Joleen, of course, has been there from the very beginning. In work and in home, and I talk about that all the time, what that means. But well before we had grown out the vertical team at Morgan Stanley, before we had grown out the much larger operation we have now in multi-office model, our vision was to be the highest-quality provider of wealth management services to all those within our sphere of influence. We do not want to merely be great. We want to be extraordinary—extraordinary in the size and scope of our business, but more importantly, extraordinary in the impact we have on our clients' financial lives. It's unbelievable to me how much that vision statement has stood up through the test of time, how much it applies today as it did many, many moons ago, and that's where we sit now.

We have the right economic or capital structure in our business now that clients have full assurance of continuity, going nowhere, the right succession planning as it pertains to many of our advisors and other partners and so forth. The most common question I've gotten since the deal was announced, and I say this in Dividend Cafe, but just let me repeat it for you listening. It's a very appropriate question, and I understand it, especially from those who don't necessarily know me real well personally, but the most common question has been, "What does this mean for you? Are you going somewhere?" And I joke. I literally wrote a book called *Full-Time: Work and the Meaning of Life*. It came out two and a half years ago. It answers the

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question well before this commercial transaction was ever being discussed. But the answer is no. I'm going nowhere.

Joleen and I are waking up every day, doing the same thing we've always done and will continue to do, and have all of the incentive, motivation, excitement, enthusiasm that anybody could possibly have to drive this business forward, to serve clients the right way, to hold on to our culture that we care about dearly, to serve clients in the way we believe they ought to be served, to not change the formula for how we're trying to deliver value to clients' lives that covers the whole scope of a wealth advisory relationship. It's just a wonderful scenario to be an independently operated but a wholly owned subsidiary. It's the right structure for our business. It's the right formula for Hightower, and I am utterly confident it's the right scenario for our clients. And so it's a great event this week to have closed. It means a lot to all of us and to our partners and other stakeholders. And yet it also, both of the mornings I've had since the deal closed at 3:45 AM, were identical to every morning I've had for so many years of my life, I can't even keep track. Our culture's not changing. The way we serve clients isn't changing. The impact we're committed to having isn't changing. DC FRIDAY 20261002 TRANS

Here's the thing I'll close with, and forgive me if it's a little on the personal side, but I'm gonna close there anyways. I shared with my team at our annual team retreat—we do a very big team offsite every year—and it was in 2023, I shared the story of my own psychological self-diagnosis, if you will, as to why I'm wired the way I'm wired and where all this has come from, how I work and have the ambitions and aspirations for this business I have. I shared the story through a lot of personal turmoil in high school and through ages 15 through 20, a number of just really difficult things transpired. And basketball was a refuge of mine in those years. And in our league championship my senior year against St. Margaret's, the best player on the team, who was my best friend and still a tremendous friend to this day and wonderful person, but they double-teamed him in the final seconds, and he had to pass the ball off to me, and I had to shoot the shot at the buzzer.

We were actually down by three, just to avoid historical revisionism here. So even if I had made it, we still would've had to go to overtime. But I missed that shot. I'm visualizing it right now as I'm sitting here talking. I've visualized it so many times over the years. I literally don't know how to explain this to you. But I am obviously not serious, I don't think, that that moment was what motivated me in my professional life. But I am not completely unserious either. But that missed shot was traumatic, but I've always wanted to have a good life, a fulfilling life, and I spoke about this at the commencement address I gave at my daughter's high school graduation.

This business is just a blessing in ways I can barely describe. Serving the clients we serve is a blessing. Doing the things we do all day, being in capital markets, seeing other people's dreams come true. I'm so proud of our business, but I'm so blown away by clients' businesses. I love

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free enterprise. I love working in financial markets, both to participate as a productive actor and to use financial markets as a tool to deliver outcomes to clients. The personal relationships, the building of a team. This entire thing is a dream. It's an absolute dream come true. The notion that I would ever walk away from this is insane. I love what I do, and I believe that it gives me the chance to make the shot that I missed many moons ago, and I believe that I'm now at a point of being willing to forgive myself for missing that shot.

But what we have is a blessing with this team, everyone I work with, my leaders, of course, the clients we work with, our partners now with Hightower. This is a great situation. It just really is. But it's the work we do, by God's grace, that makes this so fulfilling, and we'll continue to. To that end, we work.

Thanks for hearing me out in this week's Dividend Cafe. Look forward to Money Manager Week next week, and look forward to next Friday's Dividend Cafe on the unbelievably exciting topic of bond yields. Have a great weekend. Thanks for listening. Thanks for watching. Thanks for reading The Dividend Cafe