

# MARKETPLACE

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## On a High Note

Mark Scheffler of The Appleton Group approaches wealth management like a symphony conductor

**HIGHWAY 41 CORRIDOR GROUP**  
promotes business from Green Bay to Fond du Lac

**SAY CHEERS**  
Craft breweries thrive in northeast Wisconsin



BY MARGARET LEBRUN



Photos by Jeff Lendrum/Image Studios

# Orchestrating Investments

## Mark Scheffler Takes The Appleton Group to a High Note

**W**hen you hear a beautiful symphony, you can be sure a deft conductor is leading the musicians. He coaxes the best out of each player, urges them to stay in time with him through every stanza, through all the high points and low, and guides them to the crescendo.

Managing investments is very much like conducting a group of musicians, says Mark Scheffler, senior portfolio manager and founder of The Appleton Group, a private wealth management company serving clients throughout northeast Wisconsin. As a graduate of Lawrence University with a double major in music education and music theory and composition, the analogies flow from Scheffler like the lyrical phrases in a Schubert sonata.

"Music is the ultimate degree for someone who wants to create," says Scheffler. "I'm always interested in the orchestration of my portfolio. Is it out of balance? Does it make sense? Do I have the best players in place? What sort of style is involved in managing the portfolio? So it's not a stretch to say that the degrees that I have in music serve our clients very well."

Since founding The Appleton Group LLC in April

2002, Scheffler, 36, has grown his client base from zero to 56, the total assets his firm manages from \$12 million at the end of his first year to \$48 million today. In 2005 he launched his own mutual fund, and within eight months the Appleton Group Plus Fund has reached a milestone of more than \$14 million in contributions.

In October, *On Wall Street* magazine rated The Appleton Group Tax Managed Portfolio the No. 1 large cap blend portfolio in the country — it was the only Wisconsin-based company to be named to the magazine's list of top 75 money managers.

What set the firm apart is how it maximized returns while exposing its clients to minimal risk, according to Morningstar, the research firm that ranked investment firms for *On Wall Street*. Scheffler trademarked this approach as The Appleton Group Wealth Management Discipline. Under this hyper-vigilant approach, three of four portfolios under The Appleton Group in 2003 beat the S & P 500.

### "Wild Ride" in a Winnebago

Clients attest to Scheffler's approachable manner,

patience and honesty.

"I found his approach to be rather unique, and since so many of us suffered after the market crashed in 2000, 2001, I was trying to find ways to minimize that in the future," says Dave Ogilvie of Hortonville, who retired in October from Pierce Manufacturing (which he and fellow family members sold to Oshkosh Truck in 1996). "Mark's plan seemed to offer some protection on the down side. I've been impressed with his ability to perform on the upside also — that's been a very good thing."

Leota Ester, founder and retired president of Landmark Staffing in Appleton, entrusted a portion of her retirement portfolio with him not long after he opened his doors.

"He's done a lot of legwork, a lot of thinking," says Ester, who met Scheffler through the Appleton Breakfast Rotary club, where he played the piano. "I wouldn't have invested with someone who was not as careful and as honest as he is. I had daughters who were music majors, and one was at Lawrence. I came to know her music friends and observe that they were good mathematicians, and often, good information systems people. So when I heard he was a musician, I thought, 'Well of course, he's got that kind of a brain where you put things in order and develop systems.'"

While Scheffler still sings (with the White Heron Chorale, where he has served as assistant conductor, and with his son, Will, 4, who also plays cello) and listens to live music (his wife, Karen, directs the Girls Choir program at the Lawrence Academy of Music), he

gave up a fledgling music education career in favor of financial planning and wealth management.

It was "a wild ride in a Winnebago" that led to his career switch.

"My mother-in-law is a financial planner in Connecticut, and the first time I met them (his in-laws), they thought it would be great to have a little get-to-know-you camping trip," Scheffler recalls. "I should have asked more questions because it turned out to be a ride in the camper from Connecticut to Montana for my wife's family reunion. I didn't bring enough reading material. I ran out of books in Pennsylvania. She was studying for her stockbroker's certification at the time and so I picked it up and thought, 'This is really interesting, this is really interesting.' I finished the first half of the course by the time we got to North Dakota."

### From Music to Money Management

At the time, Scheffler was the choir director for McKinley Junior High in Kenosha, which happened to be down the street from an auto manufacturer that closed. It occurred to him that students whose families were struggling financially were also struggling in school. He decided that he wanted to work toward helping families protect themselves financially, so that a layoff or downturn in the economy would not send them into a sudden, downward spiral.

"When I was teaching in Kenosha, the thing that struck me almost every single day was the difference in stability between families who had vs. fami-

lies that didn't have," he says. "It was remarkable. It led me to the conclusion that before any positive, lasting impact could be made on some families, you had to have stability. And it comes to exactly what we do.

"We talk to our clients about living the good life. Having a stable income and an effective savings plan and the ability to pass wealth and pass knowledge from one generation to another is so critically important in ensuring that families are stable. We're so fortunate, our lifestyle in northeastern Wisconsin is so wonderfully good. To me, it's not so much an issue of making life better, but making our good life sustainable, and that's what really what attracted me to financial services."

Scheffler left Kenosha and took a job with Robert W. Baird & Co. Inc. in Appleton, where he took advantage of its training program. He built a good track record for the investments he managed there, and after about six years, left to launch The Appleton Group. A non-compete agreement prohibited him from contacting former clients, but through a network of family, friends and acquaintances, he built his business.

From the get-go, he decided to take an unconventional path and offer no-load investments, only fee-based services. That made for rough going at first — a commission-based investment firm builds assets much more quickly — but Scheffler believed it was the right way to go, especially given the scandals that were then breaking with Enron, WorldCom, Adelphia and others. He recalls meeting with his priest

before he and Karen were married, when he was selling for Baird.

"He said, 'So Mark, it's been awhile, what are you doing? I said, 'I'm a stock broker.' He said, 'That is so perfect, that's a perfect business for someone with a moral center, to do good things in that industry.'"

"That's something I'll never forget, that's powerful advice. Doctors take the Hippocratic oath to do no harm. And in a way, we kind of take the same approach with trust, objectivity, independence."

Northstar Asset Management, Wealth Management and Summicht and Associates are among the few investment firms in the region besides The Appleton Group to offer non-commission investments, according to Scheffler. Banks frequently offer no-load investments, but they have many other services to monitor.

### Fee-Based For the Long Term

"We are paid by our clients to serve rather than to sell," says Scheffler, who holds certifications through the National Association of Securities Dealers (but because he's no longer selling, does not require a broker's license). "At the vast majority of brokerage firms, they want as much commission up front as possible, whether it's selling variable annuities or selling stocks or mutual funds. We take a substantially smaller payment up front in exchange for developing truly long-term relationships." Wealth management fees range from .5 percent to 1 percent, depending on the amount invested. Because The Appleton Group's investments are not as aggressive as investments from commis-

"I'm always interested in the orchestration of my portfolio," says Mark Scheffler, senior portfolio manager and founder of The Appleton Group, pictured at left.

Right, Scheffler confers with associates, from left, Daniel Buechel, advisor relations director; Cherie Wirth, marketing support specialist; Peter Mutschler, client development director; and Wendy Hoeft, retirement plans relations director.





## THE APPLETON GROUP LLC

The Appleton Group, 100 W. Lawrence St., Appleton, is an independent, registered investment advisor providing wealth management services to individuals, foundations, endowments, corporations and non-profit institutions.

**Founded:** April 2002 by Mark Scheffler, senior portfolio manager and founder

**Assets Managed:** \$48 million

**Employees:** Daniel Buechel, advisor relations director; Peter Mutschler, client development director; Wendy Hoeft, retirement plans relations director; Cherie Wirth marketing support specialist; and Gloria Catter, assistant to Scheffler.

**Products:**

The Appleton Group Portfolios — Separately managed account services for high net-worth individuals, institutions, foundations, college endowments and other non-profit institutions. A family of separately managed accounts utilize The Appleton Group Wealth Management Discipline, an independent wealth management solution that prioritizes both asset allocation and investment risk management.

The Appleton Group Funds — The firm's proprietary, no-load mutual fund family, also utilizing The Appleton Group Wealth Management Discipline.

**Web site:** [appletongrouponline.com](http://appletongrouponline.com)

## THE TOP PERFORMER A DISCIPLINED APPROACH



The Appleton Group's Tax-Managed Portfolio was recently ranked **#1 in the nation** by *On Wall Street* magazine.\* This ranking, based on historic returns and the amount of risk an investor is exposed to in order to get those returns, puts The Appleton Group **among the nation's Top 75 money managers**. No other Wisconsin firm earned a place in the Top 75 ranking.

To put the expertise of Wisconsin's top-ranked money manager to work in your portfolio call Mark Scheffler, Senior Portfolio Manager and Founder at 920-993-7727. To view full disclosures, visit [www.appletongrouponline.com](http://www.appletongrouponline.com).



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\*As ranked by *On Wall Street* Magazine reported in October, 2005.

sion-based investment companies, they are particularly attractive to individuals nearing retirement, or to non-profit corporations, who want more stability from their portfolios.

Serving clients in their own community keeps the professionals at The Appleton Group accountable in a way that a Fidelity manager out in Boston cannot, Scheffler says.

"Over the past five years, it's been a bumpy ride. When you distance yourself from the people that put their trust in you, it's a whole lot easier to justify not doing something to help manage risk."

Scheffler picks up a novelty business-card holder in his office on the third floor of the Appleton Center, where he can soak in views of the Fox River to the south and College Avenue one block north. The cardholder balances a bull on one side of a seesaw and a bear on the other. He started his business at the height of the recent bear market, he says, and he's convinced that was the best time to do it.

"We're built for the best of times and the worst of times," he says, letting Dickens roll off his tongue. "We're prepared for both up and down markets.

"Not participating enough, like in the late '90s, can be as stressful as participating too much in the bear market years of 2000 through 2002. Those market extremes can be so emotionally difficult for some people. I call it the 'I-Can't-Stand-It-Anymore' method of asset allocation.

"When a great year comes along, we (The Appleton Group) participate beautifully. But because we assume that from time to time the markets will not be cooperative, our discipline is flexible enough to make those adjustments to reduce our clients' exposure and limit losses, generally to single digits. That makes the experience so much more enjoyable."

#### Diversify — Outside Your Industry

Another way The Appleton Group works to protect its clients' money is by helping them to diversify. Not the old-fashioned way, by stocks and bonds, but by industry — in particular, outside of the industry they work in. For example, an investor who works in construction would do well to invest outside of funds related to construction or financial services, which has close ties to trends in the construction industry.

Scheffler notes a December report by UCLA that indicates the U.S. stands to lose as many as 800,000 jobs in the construction industry this year, as interest rates rise and the housing market cools.

"Wouldn't it be wonderful for an individual in the construction field to be able to protect their portfolio against weakness in their own industry at the same time that they could risk being laid off?" he asks. Investing in technology, utilities, energy and other industries unrelated to construction makes sense for that individual, he explains.

The Appleton Group, which has formed alliances with Schenck Business Solutions and Wipfli in Appleton and Pension Inc. in Green Bay to offer its 401K plan to employers in the region, works with companies to minimize exposure to risk within their own industries.

"The tack we take with our 401K plan is that a person's wages, retirement plan contributions, insurance, all their benefits can be tied to one industry. If that one industry puts them at risk of being laid off, of losing their job because of a slowing economy, how wonderful is it to finally be able to separate, at least your retirement, and maybe more, personal assets too?"

Every day, Scheffler and his team of advisors monitors the markets, studies reports, considers making adjustments. More often than not, no adjustments are necessary.

This year should prove interesting in the financial world, he says, with the retirement of Federal Reserve Board Chairman Alan Greenspan, who will be succeeded by Ben Bernanke. Scheffler expects financial analysts and reporters will scrutinize Bernanke's every move.

"Everything he says, does, wears will be highly scrutinized, just as with Greenspan," Scheffler says. "You talk about living under a microscope. MSNBC had a briefcase indicator for Greenspan. It would take a picture of him coming out of the Federal Reserve Building and walking across to wherever he had a meeting, and if his briefcase was overly stuffed, it would lead to the feds taking action. If his briefcase was very thin, it hinted that he would be passive."

Scheffler can't help but make one more connection between music and money.

"Did you know one of Alan Greenspan's first jobs out of college was playing saxophone in a big band? Someone told me he was with the Jimmy Dorsey big band."

Indeed, Greenspan earned the nickname of the Maestro for his steering of the economy during his more than 18-year tenure as Fed chair.

Who said a musician can't also be a financial guru? M