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The 25-year view: Monticello Associates' Grady Durham on success and philanthropy

THE FIRM WENT FROM ZERO TO \$90 BILLION IN CLIENT ASSETS UNDER MANAGEMENT



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Grady Durham started an asset management consulting firm in Denver 25 years ago with zero clients and zero assets under management. He had no idea what was to come, he said.

“All my goals were aspirational, rather than realistic,” said Durham, founder of Monticello Associates, in a rare interview.

It was 1992. The 10-year treasury note was 6.7 percent. The Dow Jones was at 3,282. China’s GDP was \$400 billion. And in Denver, where the mutual fund was king, Durham could hardly find a qualified candidate to work at his firm.

Much has changed in 25 years: The 10-year treasury has collapsed to 2.25 percent, which has fueled massive returns in leveraged assets such as private equity and real estate. The Dow Jones closed at a record high of 22,118 on Aug. 7. And China’s GDP is \$11 trillion, making it the second-largest economy in the world.

Denver is now a hot spot for financial services with boutique firms in a variety of asset classes and it attracts a highly educated and skilled workforce.

And Monticello Associates Inc., which works with foundations, endowments and high net worth families, now manages \$90 billion in client assets and advises 175 clients across the country, including the Art Institute of Chicago, Rockefeller University, the United Nations Foundation, the Denver Foundation and the Daniels Fund.

“Something really interesting about the firm is we have never had a marketing campaign,” Durham said.

“All of our relationships have contacted us through referral. That’s highly unusual. Our philosophy was, let’s focus on what matters, which is investment performance and everything else will fall into place.

“It’s a simple philosophy. But that is what happened.”

Monticello Associates began with a narrow focus of working with foundations, endowments and high-net-worth families. Durham had spent the first 10 years of his career at big firms in Boston and Chicago and he didn’t want to try to be all things to all people.

He likes that foundations are more sophisticated from an investment standpoint, typically focused on investment performance. But mostly he likes to see a foundation grow.

“We have a local foundation that has been a client for 22 years – when we started it had \$30 million. Today they have \$750 million. They gave away 5 percent of \$30 million. Now they give away 5 percent of \$750 million.

“That’s pretty rewarding from a career standpoint,” he said.

When Durham landed in Denver he was hearing about the work of Charlie Gates – founder of Gates Rubber Co., now Gates Corp. and the Gates Family Foundation – and Dan Ritchie, the former chairman of Denver Center for the Performing Arts and, before that, chancellor and a major benefactor of the University of Denver.

Their work made an impression.

“They were tremendously successful in business, but what they gave back was impressive,” Durham said. “It was really illustrative of a functioning, high-level community.”

Durham and his wife, Lori, have quietly given to organizations over

the years, including Denver Zoo and the Denver Museum of Nature and Science. But in 2015, they made their own long-lasting philanthropic move: giving to the Boettcher Foundation Scholarship program, developed in 1952 to offer 40 Colorado students a year full-ride scholarships to any Colorado college or university of their choice.

The couple are donating money for two additional students a year to join the scholarship program. In four years, the Durhams will be paying for eight college students beyond the 40 already funded. It was the first time the scholarship program was expanded since it was created.

“Philanthropy is infectious,” Durham said. “When you have a culture of philanthropy it tends to get larger – because it’s fun.”

In the past 25 years, the U.S. lived through the dot.com bust and the 2008-09 financial crisis – two times in history when the market dropped 25 percent. But in that time, the Dow Jones showed an annualized return of 7.5 percent.

“Using that as a guide, the long term looks good for America and especially for Denver,” Durham said. “I’m wildly optimistic about Denver. It’s never been as vibrant, solid and talent driven as it today.”

Monticello is thinking long range, too. Where Durham was the sole employee 25 years ago, there are now 10 other equity partners in the firm and a total of 52 employees.

“We have developed a very sustainable organization that we’re all very proud of,” he said. “I think we feel we are in a good position to tackle the next 25 years.”