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**MDH Investment
Management:**
Investing for
Doctors

MDH Investment Management: Investing for Doctors

By Vivian Wagner



Dr. Marc D. Hoffrichter was a practicing dentist for 15 years before several colleagues and friends convinced him to open an investment firm in 1983. Today, physicians and dentists are the heart of his business MDH Investment Management.

AS A DENTIST, Dr. Marc D. Hoffrichter took care of his patients' teeth. Now, as a registered investment adviser, he is taking care of his clients' money.

The founder and President of MDH Investment Management, Inc. in East Liverpool, Ohio, Dr. Hoffrichter is a plain-spoken, highly respected, former practicing dentist turned investment manager. Since starting MDH Investment Management in 1983, he has earned the trust of over 150 clients in 20 states. Most are doctors.

"Doctors are the heart of my business," he says. "I think they identify with me because, as a former dentist, I know what issues they're dealing with every day."

As a practicing dentist for 15 years, Dr. Hoffrichter knows what it means to deal with high overhead, increasing government regulations and malpractice insurance premiums. This understanding has served him well as an investment manager for doctors.

"Medicine and dentistry are wonderful professions, but there are a lot of moving parts," he says. "Most doctors and dentists are independent. They work long hours, so they don't have enough time to devote to effectively manage their investments."

In addition to doctors and dentists, Dr. Hoffrichter's clients include bankers, lawyers and business owners. All share a basic philosophy — they work hard for their money, and they want their money to work hard for them. With Dr. Hoffrichter, they have found an investment manager with those same values.

The Making of a Money Manager

Dr. Hoffrichter's interest in investing began as a child, when he learned about stocks and bonds from his father who was a dentist. He loved following the markets and learning about companies. As an undergraduate at Colgate University, he served three separate summer internships at Wall Street brokerage research departments.

It never crossed his mind, however, to become a professional investor. Instead, like his father, he would be a dentist. Following in his father's footsteps, he went to dental school at The Ohio State University and graduated in 1971. After completing a residency in General Anesthesia one year later, he set up a dental practice in East Liverpool in the same building as his father's practice.

Still interested in Wall Street, Dr. Hoffrichter invested his own money and advised friends about how to invest theirs. As they benefitted from his advice, his friends began to suggest that he should switch careers and become an investment manager.

One of those friends was Dr. William Bartolovich, an optometrist whose office was across the street from Dr. Hoffrichter's. (Dr. Bartolovich was also one of Dr. Hoffrichter's patients.) The two talked about money and investing, and after a while, Dr. Bartolovich asked him if he would manage his investments.

"I knew that he was knowledgeable, and over the years, I asked if he would handle my accounts," says Dr. Bartolovich.

At first, Dr. Hoffrichter politely refused, because he didn't want to risk their friendship. A few weeks later, however, Dr. Bartolovich and several physicians visited him at his home. After several hours of discussions, they finally persuaded him to become their investment advisor, and MDH Investment Management was born. The year was 1983.

Gradually, as word spread about Dr. Hoffrichter's expertise in money management, his client base grew. He was so successful, in fact, that in 1987 he sold his dental practice and became a full-time investment manager.

"If it wasn't for me, he still would be a practicing dentist," boasts Dr. Bartolovich, who points out that Dr. Hoffrichter has done "very, very well" for him over the years. "I put all of my trust in him . . . he's an honest, competent financial advisor."

Dr. Ronald Heiber, an orthodontist in Lancaster, Ohio, was another one of Dr. Hoffrichter's early clients. An Ohio State dental school colleague, Dr. Heiber is glad he entrusted the management of



Dr. Hoffrichter and Steve Sant, President/CEO of 1st National Community Bank in East Liverpool, have worked closely with the bank's trust account holders for many years.

his investments to his longtime friend.

"Marc's been a fantastic advisor," says Dr. Heiber. "He's done very well with my funds and the funds of my family."

While most of Dr. Hoffrichter's clients come from word-of-mouth, many come from presentations he has given for medical and dental societies in Ohio, Pennsylvania, Indiana, West Virginia, Bermuda and Cancun. These seminars offer him the opportunity to connect with doctors and demonstrate his affinity for them and his understanding of their concerns and interests.

"He relates very well (especially) to dentists, since he had that role at one time in his life," says Dr. Heiber. "He brings a passion for investing that's necessary to be successful in any professional practice."

A Contrarian Investment Strategy

Dr. Hoffrichter's primary investing strategy is classic contrarianism: buy when people are selling, and sell when people are buying. His ultimate goal is to achieve for his clients steady profits over the long term while protecting their capital. In market downturns, he buys, and in overpriced markets, he sells. This strategy, he points out, has helped him to earn strong returns for his clients.

"You know the fable *The Tortoise and The Hare*. I'm a tortoise... but I feel totally vindicated about preserving my clients' money during bear markets," he says in a promotional video on the MDH Investment Management website. "It's about who survives the bear market — who has money left over to buy the great companies at great prices at the end of bear markets."

He argues that despite conventional investing wisdom, it is possible to time the market, to move against trends and to make money by investing when things seem bleakest.

"You can time the market," he proclaims. "That whole argument that you can't time the market, I couldn't disagree more."

Dr. Hoffrichter is also not a big fan of mutual funds, which, he argues, provide little protection from the effects of a down market, since they follow the market as a whole. Similarly, he does not like the buy-and-hold philosophy promoted by many investors.

"The buy-and-hold approach is a bogus strategy," he says. "People think that a diversification of mutual funds is the answer, but it's not."

Even in market downturns, Dr. Hoffrichter's clients say his contrarian strategy has served them well.



A self-described tortoise in the investment race, Dr. Hoffrichter has smiled in the winner's circle for the past 30 years.

"Marc's best moves in the market have been when things look the worst," says Dr. Heiber. "He's the consummate bargain hunter. He has the sort of personality that has the ability to maintain focus through any adversity. Marc is the steady hand, and when it comes to retirement funds, that's what it's all about."

The Secret to Success

Part of the secret to Dr. Hoffrichter's success is that he is an avid reader and researcher. He works in his office from 5 a.m. to 10 p.m., reading 13 different newspapers and studying news from around the world. He enjoys learning about what's going on and predicting how events and trends will affect markets.

"I spend most of my day reading, talking to other people and thinking about economic issues, geopolitical crosswinds and investor psychology," he says.

He is selective when taking on new clients; \$250,000 is the minimum investment he will manage. His fee is a percentage of the funds they invest. This percentage decreases as the amount invested increases. He does *not* sell or make commission from selling financial products to his clients. Instead, he always has his clients' best interests at heart. This, he feels, is what sets him apart from other investment managers and keeps his clients loyal to him.

"Unlike the majority of people in my profession, I'm not selling any product

or generating any commission," says Dr. Hoffrichter. "And I'm not churning accounts to make commission. I am totally focused on managing my clients' money."

That commitment to clients has served Dr. Hoffrichter well throughout his career. Many people who have worked with him testify to this. Steve Sant, President and CEO of 1st National Community Bank in East Liverpool, is one of them. MDH Investment Management is affiliated with 1st National's parent company Tri-State 1st Banc. Dr. Hoffrichter also serves as an Independent Money Manager for 1st National's trust department.

Sant says that Dr. Hoffrichter's approach to investing has made him popular with the bank's trust account holders. "His performance has stacked up better than most of our investment alternatives. He's got a high level of integrity."

MDH Investment Management's office is a few yards from Dr. Hoffrichter's

home in East Liverpool where he lives with his wife of 41 years. Thanks to sophisticated, real-time financial software, CNBC and the Internet, Dr. Hoffrichter has a virtual seat on Wall Street. "People I talk with in New York are jealous of me," he says.

He adds that living in a small town has its advantages. "In a place like East Liverpool, if you do a good job for people, word spreads really fast."

A hard worker, Dr. Hoffrichter works seven days a week. And he loves every minute of it. In fact, he enjoys his investing work so much that he plans to continue working far into the future.

"I have absolutely no interest in retiring," he says. "I can't wait to get to work in the morning."

MDH Investment Management, Inc. is located at 1216 Forsyth Place, East Liverpool, Ohio. For more information, visit www.mdhinv.com or call 330-386-4452 or 1-800-697-MDH-1. ■



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