

# Wild ride for advisers: Hours spent getting ahead of tumult and advising clients to sit tight

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**Thomas Manning** had several big speeches to give last weekend: one at his brother's wedding reception, the others to his investment staff at Silver Bridge Advisors.

"In between the best man's speech and other things, I was communicating with the investment team," said Manning, president and chief investment officer at the Boston-based wealth management firm, which has \$2.75 billion in assets under advisement.

Following the downgrade of U.S. debt by Standard and Poor's late last Friday — coming amid European debt woes and a sluggish U.S. economy — Manning knew the wedding couldn't be the only thing on his mind during the weekend. Discussions took place Saturday and Sunday about whether the firm needed to make any moves for its clients, and about what the strategy would be Monday morning, Manning said.

The goal in situations such as this, according to Silver Bridge and other local investment advisory firms, is to be proactive for clients to keep the panic calls to a minimum in the face of market volatility.

But that doesn't mean that weeks like the past two won't still require some very long days.

"Our investment professional advisers are definitely working more than 12-hour days," Manning said. Counting the work done from home, he said, some employees have actually been putting in 18-hour days.

At Federal Street Advisors in Boston, **John LaPann** said his firm only had to deal with a few panic calls on Monday — when major stock indexes sank 5 percent or more — because the firm had initiated contact with many clients.

Federal Street, with \$3.5 billion in assets under advisement, had also worked to set expectations with clients in the prior weeks, and a month ago had started advising some clients to set aside enough cash to ride through any serious swings, said LaPann, the firm's president and chief investment officer.

"When volatility arrived, they weren't surprised," he said. "I would be lying if I said I knew this was coming for sure, but there was enough risk of volatility for us to just take an extra step."

**Thomas Anderson**, chief investment officer at Boston Private Bank & Trust, said his firm has also sought to reach out to clients proactively and has been putting in longer hours to make sure every phone call that does come in gets returned.

Keeping on top of information round-the-clock is a normal part of the job, said Anderson, whose firm manages \$2.7 billion in assets. "There's just so much information out there, and part of the role we play is helping (clients) filter through that," he said.

But what's more stressful for portfolio managers, Anderson said, is staying on top of information while also watching markets drop precipitously — knowing clients themselves are worried and wondering what to do.

Manning said days like these aren't easy even for the most seasoned investment pros. "You do watch the trading activity and to a certain degree, it can be somewhat paralyzing, because of the speed and the magnitude of what's going on," he said.

Handling pressure from investors can be a big part of the challenge for advisors. "When clients call and are pressuring (advisers) to do things that might be adverse, the clients can adversely affect the portfolio by virtue of that conversation," Manning said. "It can affect the psyche of the adviser ... A client may be conservatively positioned, profitably positioned, but they can be so concerned about the market that it can lead to a different decision by an advisor."

At Lee Munder Capital Group of Boston, which has \$4.4 billion in assets under advisement, chief investment officer **Jeff Davis** said the key this week was to emphasize the differences between the current economic climate and that of late 2008. Many clients worried that 2008 was happening again, but Davis said the mortgage disaster and other fundamentals that led to that plunge were much more serious than what's taking place now.

Still, separating the two can be challenging when the situation can feel so similar for investors, he said, and Lee Munder has had some clients who have asked to sell.

"Some people just want to get into cash, and don't want to relive 2008. We're seeing more people willing to pull the trigger than you did even in the volatility after the 1987 crash," Davis said, with investors' memories still fresh of market turmoil that occurred a few years back.

By and large, advisors say they've urged clients to stay the course with their investment portfolios. "I've never seen more destruction of wealth than by people who got out of the market and stayed out of the market in 2009," Davis said. "The key is that investors don't panic, and know that they have a position where they're willing to ride volatility. Because ultimately, long-term wealth is the ability to stay disciplined through a time like this."