

WALL STREET INDEXES PREDICTED NINE OUT OF THE LAST FIVE RECESSIONS

- PAUL A. SAMUELSON

September 2008

Dear Colleagues,

In adversity, there is opportunity. The media is doing a great job of covering the adversity, so let's (pull ourselves away from the slow motion train crash) and focus our attention on the opportunity. These times of extreme challenge are a good time to prune product lines, revisit distribution strategies, and talk to the press.

1. The old financial distribution channel models are completely outdated now. There are, essentially, no more wirehouses. Banks are now a much more significant channel, but there will certainly be cultural differences in selling into a B of A-owned Merrill Lynch. And independents may be the big winners. All that said, it is our experience that when a tried and true distribution and/or product model is under attack we tend to get a bit jealous and guarded about exploring new ways of doing business. This is one of those times. The old distribution models are being dismantled bit by bit, creating opportunity for new - perhaps more profitable - asset management and distribution models.

2. Consider asking your clients - and theirs - about trust. A loaded question right now, of course, but likely to get a vigorous response. This could be a survey about how they feel about products, distribution models, markets, or whatever is most relevant for your firm. The best reason to do this is that even if you don't ask, and therefore do not know, people will still act on their feelings. If you know how deep the trust abyss is, you can build the right bridge.

3. Talk to the media. If you need a good media relations firm, let us know and we'll get you to the right place. If you already know a reporter or two, call them and ask them what they are writing about right now and how you can help. Then be available when they call and/or give them the data or referrals to other sources they need.

4. Let us know if we can help. Don't hesitate to call if you'd just like an ear and some perspective. Consider sustainable investing (see below) as an approach that could help build your business. And please don't keep us a secret - we always appreciate you letting colleagues know of us if you feel we may be helpful to them.

Sincerely,

Lisa A. Cohen
CEO & Principal

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