



## Focus on Client Retention Gives Rise to Commentary

By Suzanne McCoy

As market indexes continue to wobble and war jitters deepen, more fund firms are turning to market analyses as a way to display their competence and engender investors' trust.

According to a recent report from industry researcher **Dalbar**, the number of firms that post managers' market commentary on their websites has increased nearly 7% from last year.

That shift is part of a larger marketing trend. Firms have moved away from focusing on hard sales and instead have looked for a way to assuage investors' fears, gain their trust and remind them to stay the course.

"We hope it shows that we know what we're talking about," says Bill Remschak, marketing manager at **Northtrack Funds**. "It also keeps our website fresh, and keeps shareholders and wholesalers coming back."

For some firms, the commentary provides a means for spreading market information to all levels of the company, and a reason to focus on investor communication.

At **Fred Alger Management**, the monthly essays are required reading throughout the firm, providing a unified message for use by fund managers and phone representatives alike.

"There's nothing worse than calling a firm's 800 number to get answers about the state of the market and getting no answer, or conflicting answers," says Alger vice chairman Jim Connelly.

Connelly says the messages are a potent client retention tool, especially if they stay focused specifically on the issues shareholders care about. At Alger, there's a direct line of communication between the firm's phone representatives and managers, Connelly says. Once a week, fund managers meet with client service managers to get a summary of shareholders' questions.

"It's great to publish what you want to publish, but unless you post what your investors are looking for, it doesn't have much effect," says Connelly.

At **John Hancock**, website commentary is shaped in part by the broker-dealers, says Gerry Sullivan, director of e-commerce. Brokers pass on questions from their clients, then Sullivan shapes Web content to answer current market conditions.

“In the past week and a half, we saw the biggest run-up in 20 years,” says Sullivan, referring to the recent stock market rally. “When anything dramatic changes like that, many investors don’t know what to do, so they turn to their broker.”

Sullivan says John Hancock recently developed a presentation on the past effects of war on market conditions. It includes slides that illustrate market shifts before, during and after military conflicts, and offers basic advice on riding out turbulent times.

“As long as you’re not selling a product or commenting on every slight fluctuation in the market, shareholders really appreciate it,” he says.

Sales pitches would be inappropriate in a market commentary, says marketing consultant John Picard of **Picard & Co.** But, he says, these analyses generally fall somewhere between a pure service to investors and a marketing campaign.

“No one has survived with a pure sales message in this environment,” he says. “That would be very transparent to investors.”

These messages are a low-risk, relatively easy way to make contact with investors, says Picard.

“You already have an opinion — you show that every time you buy and sell,” he says. “Given how many variables there are in the market, commentators are always right, and they’re always wrong, depending on what you focus on.”

But while some firms have published analyses straight from their researchers and fund managers, others have added commentary to their sites out of fear of being late to the game or appearing uncertain to shareholders, says Picard.

“It’s important to have a view when everything’s uncertain,” he says. “It shows leadership and perspective.”