

# Wealth Adviser Daily Briefing: Advisers Reassure Clients on Another Stressful Day

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During Wednesday's volatile trading, which at one point saw the Dow Jones Industrial Average down more than 500 points, financial advisers fielded messages from anxious clients and urged them to keep their cool, [reports WSJ.com's Wealth Adviser](#). Meanwhile, some individual investors and advisers looked to put some dollars to work at lower stock prices. Advisers at New York-based Sontag Advisory LLC, for example, have been reminding nervous clients that the market bounced back from 2008 and that long-term investors can do just fine if they ride out periodic tumbles. So far, "we haven't had anybody pull the rip cord and say, 'Get me all the cash,'" Chief Executive Michael Delgass tells Wealth Adviser. Meanwhile, he says other clients called the firm about buying—including some people who recently received annual bonuses and had previously planned to wait before investing those dollars.

## PLANNING & INVESTING:

**Some big diversified stock funds in bear mode.** While the S&P 500 is now in correction territory, [InvestmentNews notes](#) that a number of large diversified stock funds are down 20% or more since the market peaked in May. Not surprisingly, there are emerging-markets stock funds in the bear lair. But, looking at data through Friday, the publication notes that there are also broad international-stock funds down that much, including Templeton Foreign, Vanguard International Value and Dodge & Cox International Stock. It said U.S.-focused funds in bear territory include Longleaf Partners, Fairholme and Sequoia, the latter in the news for its big stake in Valeant Pharmaceuticals International.

<http://blogs.wsj.com/moneybeat/2016/01/21/wealth-adviser-daily-briefing-advisers-reassure-clients-on-another-stressful-day/>

**UBS to redeem two leveraged ETNs.** A unit of UBS Group AG said Wednesday it will “mandatorily” redeem outstanding notes of two leveraged exchange-traded products that are linked to energy master limited partnerships amid a sharp selloff in the sector, [reports The Wall Street Journal](#). The two exchange-traded notes are ETRACS 2xMonthly Leveraged Long Alerian MLP Infrastructure Index ETN and [ETRACS 2xMonthly Leveraged S&P MLP Index ETN](#) MLPV 0.00%. The notes’ prospectuses provide for such redemptions when prices fall by a specified magnitude and/or to below a specified level. The ETNs are both down by more than 50% so far this year, the Journal says.

#### **THE BUSINESS:**

**\$1 billion RIA takes smaller firm’s name in merger.** Boulder, Colo.-based Sargent Bickham Lagudis is merging with Colorado Financial Management, a \$250 million firm in northern Colorado, [reports WealthManagement.com](#). Sargent Bickham Lagudis is a \$1 billion registered investment adviser with five partners, but will be taking on the smaller shop’s name in the merger. “As we have added partners, we were really at a stage where we had to decide whether we wanted to have a business name that would work for our future, or continue following the convention of adding partners’ names,” Sargent Bickham Lagudis CEO Rick Lawrence tells WealthManagement.com. “And we decided this was a great chance to move to a business name that reflected where our future business was going to come from and where our primary market is.”

**Merrill Lynch broker wins \$500,000 against Wells Fargo** WFC +1.90%. A Merrill Lynch investment adviser who handles money for high-profile union pension accounts won a \$500,000 arbitration award last month against his former employer, which he had accused of trying to ruin his reputation in the wake of his departure, [reports the Times Union](#). The victory for Michael Chrys, who works at Merrill Lynch’s Latham, N.Y., office, comes seven years after he was sued in federal court by Wachovia Securities—which became Wells Fargo Advisors in 2009—just after he left the firm for Merrill Lynch, taking with him two employees and roughly \$2 million in annual revenue, the newspaper reports. That lawsuit was dismissed, the newspaper says.

#### **THE PRACTICE:**

**Finding the best way to sell a valuable tool collection.** When a client decided to downsize after her husband’s death, Unionville, Conn.-based financial adviser Mike Chadwick suggested the widow use a private auction to sell the contents of her craftsman husband’s workshop, [Mr. Chadwick tells WSJ.com’s Wealth Adviser](#). Mr. Chadwick advised against using an auction house to sell them in bulk, because many of the tools were of exceptional quality and in some cases one-of-a-kind items. Instead, he offered to help the woman facilitate a private auction process of her own

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among local contractors. She netted more than \$100,000 and “simply knowing that her husband’s belongings were being left in good hands gave her a sense of closure,” the adviser explains.

**How to calculate a fair salary for a new hire.** While it can be tricky to determine what to pay a new hire, advisory firms shouldn’t rely solely on national averages, [notes InvestmentNews](#). Rather, firms should consult with local colleagues to gauge competitive rates. The importance of asking similar local firms about the compensation levels of different roles in their practices can’t be overstated, Mary Dunlap, an adviser pay consultant, tells the publication. Those discussions should include in-depth questions about the duties and skills their professionals in a particular role provide, as well as a review of their initial pay and how that has changed over time.

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