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Achieve more.

Wealth Management in a Time of Crisis

Insight from America's Leading Independent Wealth
Management Firm

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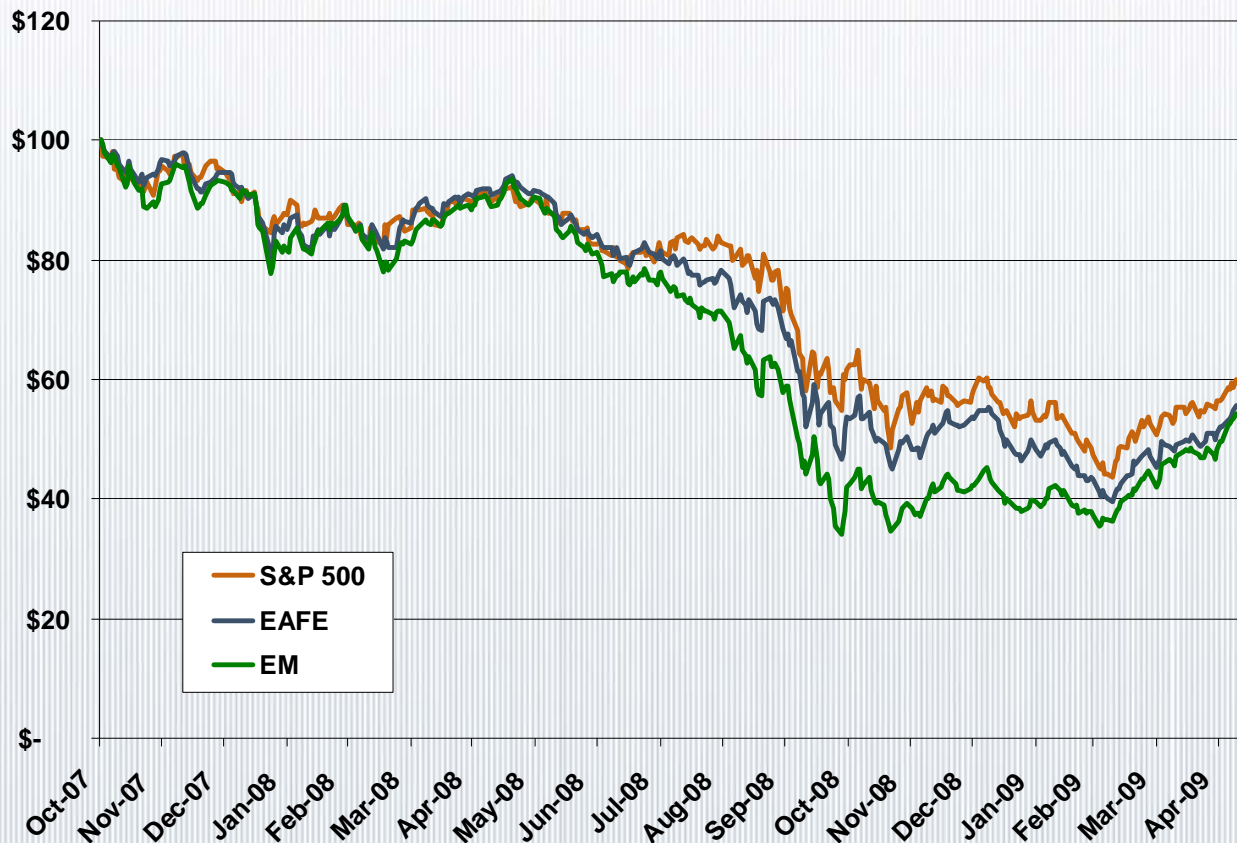
CEO, Aspiriant

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Financial Crisis

- Appears to be unprecedented in its depth, speed, and global reach.



Financial Crisis

- Huge, iconic organizations collapse or require massive government assistance
 - Fannie May / Freddie Mac
 - Lehman Brothers
 - Merrill Lynch
 - WAMU
 - Wachovia
 - AIG
 - Bank of America
 - Citi
 - General Motors
 - Chrysler

... in the US, alone, more around the world.
- Poor understanding of risks and excessive leverage...
 - By financial institutions
 - By consumers



Financial Crisis

- Global governmental response, through financial credits and stimulus programs, in the trillions of US dollars.
 - To prevent excessive economic contraction and a deflationary spiral.
 - But could be dangerously inflationary.
 - Inspires little confidence since it appears experimental and uncertain, with no clear understanding of the ultimate size of the problem.
- Economic/market contractions reveal major financial frauds (Madoff and others)
- Trust and confidence deteriorate. The whole world of reasonable financial expectations appears to be coming unhinged.



Challenges and Opportunities for the Wealth Management Profession

- Clients
- Staff
- Business model
- Society



Challenges and Opportunities for Clients

- Coping with serious loss of asset values, and for some, employment and housing
- Grief: denial, blame, acceptance, and recovery
- Re-evaluate personal financial plans; often painful choices:
 - Spend less ... maybe much less
 - Be less generous with family and charity
 - Work longer, or harder, or return to work



Challenges and Opportunities for Clients

- Greater clarity about priorities of goals
- Better understanding of risk
- More responsibility for one's own financial resources
- Greater appreciation of unbiased, unconflicted, **and** expert advice.



Challenges and Opportunities for Staff

- Coping with more work ... with less compensation ... while dealing with frightened and/or angry clients
- Responsibility for assisting clients to cope without accepting blame for the result
- Any force reductions must seem fair to those employees let go and must seem appropriate to the success of the business.



Challenges and Opportunities for Staff

- Time-off and relaxation (sleep, exercise, hobbies, time with family and friends).
- Confident leadership with a clear vision of the organization's goals.
- Unprecedented opportunity to sharpen technical and client service skills.
- This experiential opportunity may (we hope) never be repeated.



Challenges and Opportunities for the Wealth Management Business Model

- Distrust of the benefits of wealth management advice
- Substantially reduced revenue
- Clientele in flux
- Staff under severe stress



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Challenges and Opportunities for the Wealth Management Business Model

- Refine client service offerings; what was missing? What do clients really value?
- Develop multiple revenue opportunities that are not fully reliant on asset values
- Build or maintain infrastructure for **long-term** success.



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Challenges and Opportunities for Society

- Stimulus and regulation are politically appealing
- May delay necessary improvements by supporting organizations that should not survive
- May stifle innovation and private solutions
- May hinder strong economic growth.



Challenges and Opportunities for Society

- Re-assess the proper balance between governmental and private activity.
 - Who bears the burden of risk and who controls financial decisions ...
taxpayers, private businesses,
consumers, government officials?
- Re-assess the proper balance between individual/or communal responsibility.
- Society benefits from wiser financial decisions.



A Positive View of the Future of Wealth Management

- Guarded optimism about learning from all of these challenges and seizing these opportunities
- We learn (something ... though not everything) from our mistakes
- We are naturally forward looking; we don't dwell on past suffering

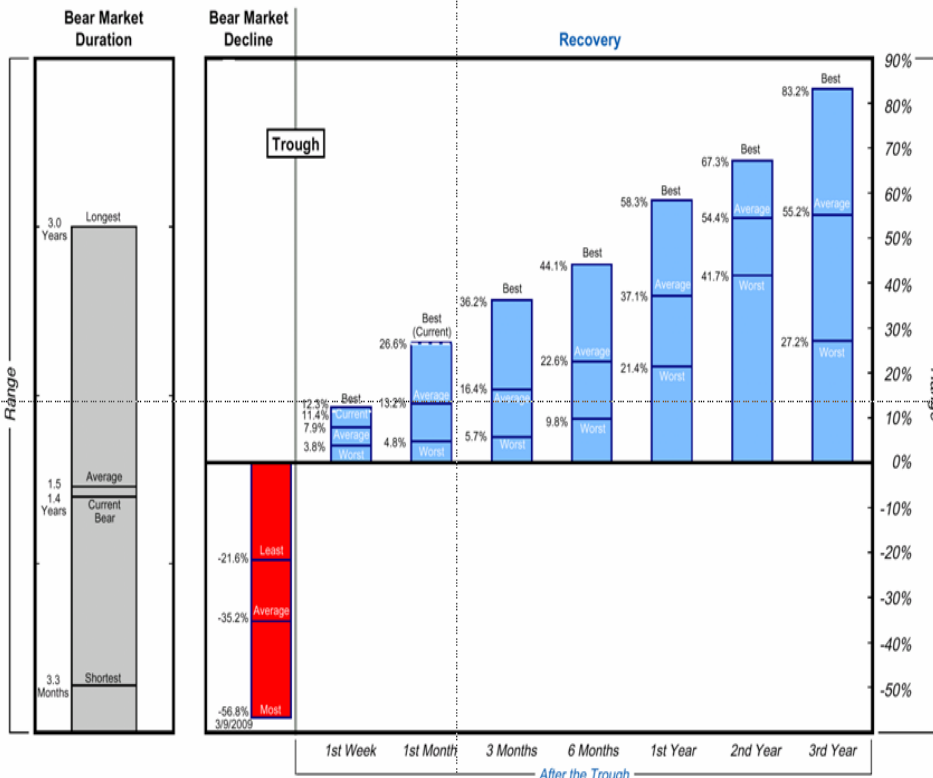


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A Positive View of the Future of Wealth Management

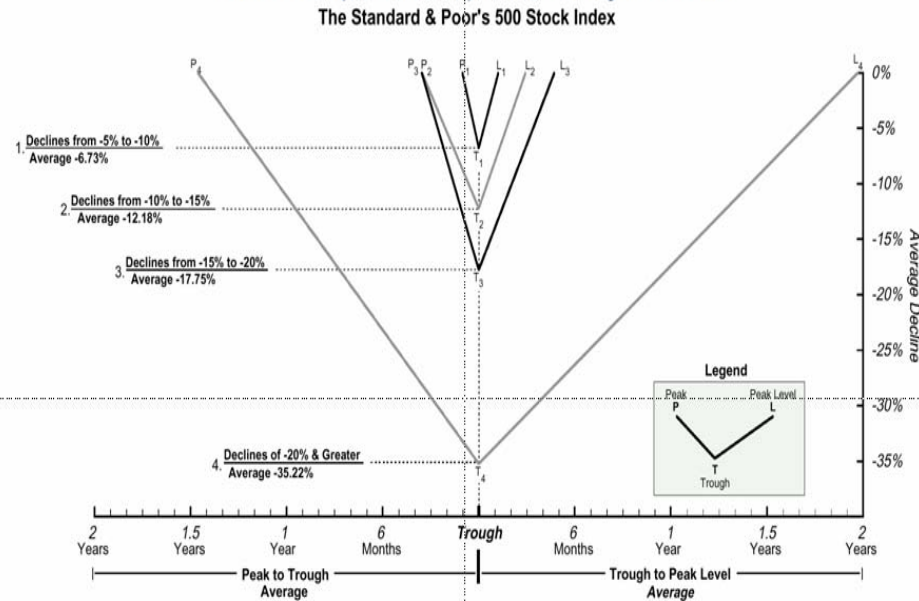
- History offers much encouragement that a long-time horizon and a broadly diversified investment strategy will be rewarded.

The Standard & Poor's 500 Stock Index



Data for the Current Bear Market is preliminary through 4/9/2009.
 Note: Data includes post-WWII Bear Markets as defined by the Standard & Poor's 500 Stock Index.
 Sources: Standard & Poor's Corporation; Copyright © 2009 Crandall, Pierce & Company

Market Declines (5% and Greater) from 1945 Through March 2009



Decline, Recovery - Timeline (Average)

Decline Range	Decline Average	Peak to Trough P to T	Trough to Peak Level T to L	Return to Peak Level P to L
1. -5% to -10%	-6.73%	1 Month	1.2 Months	2.2 Months
2. -10% to -15%	-12.18%	3.5 Months	2.9 Months	5.5 Months
3. -15% to -20%	-17.75%	3.6 Months	4.7 Months	7.6 Months
4. -20% and Over	-35.22%	1.5 Years	2.0 Years	3.5 Years

Frequency of Declines (on Average)

-5% and Greater	2.4 Per Year
-10% and Greater	Once Every 1.5 Years
-15% and Greater	Once Every 3.2 Years
-20% and Greater	Once Every 6.4 Years

Note: During the last 64.25 years (since 1945) there have been 157 declines of 5% or greater.

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A Positive View of the Future of Wealth Management

- The fundamental principles of proper wealth management remain intact
 - Clearly understand clients' objective
 - Purpose
 - Size
 - Timing
 - Priority
 - Develop realistic strategies with high probability of achieving those objective that can be achieved
 - Maintain long-term discipline (avoid becoming the victim of short-term distractions)



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A Positive View of the Future of Wealth Management

- Recognition of the need for expert and unconflicted advice is now greater
- Wealth Management firms are being forced to position themselves for their own survival
- The survivors will enjoy even greater success
- Society will be better served



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