

Brokers reach out to nervous investors in rough week

ADAM O'DANIEL | FINANCE EDITOR
aodaniel@bizjournals.com

When the stock market drops, Don Olmstead dials.

And the managing director of Novare Capital Management made a lot of phone calls this week.

Olmstead, like many stock brokers and wealth advisers, says client outreach became a major focus in recent days as the stock market experienced its most volatile period in more than two years. Stocks on the Dow Jones Industrials plunged more than 1,000 points in two days, then rebounded 429 points on Tuesday, only to fall more than 500 points Wednesday. As investors quivered, brokers took to email, phone lines and personal meetings to assuage fears.

But with memories of the 2008-09 market crash still fresh in most minds, Charlotte brokers say most investors were slower to reach for the panic button.

In the depths of the recession, brokers suffered through months of tense meetings with clients. With many local families heavily invested in bank stocks, panic drove many to liquidate everything in early 2009. Then they missed the following recovery.

"Clients are in a lot better shape psy-

chologically this time around," Olmstead says. "Even though the market is down, it's not as scary as 2008 and 2009."

Olmstead says his firm made hundreds of phone calls to clients during the past week. In each case, advisers tried to provide clients with a backdrop for the volatility, including turmoil in Europe, effects of the U.S. debt-rating downgrade and soft economic numbers. Those still upset were invited to come to the office for a face-to-face meeting.

"The key to surviving volatile mar-

kets is sticking to your asset allocations and long-term cash-flow plan," Olmstead says he tells clients. "Don't worry about the daily wiggles."

At Kingfisher Capital, a boutique firm off Queens Road, Vice President William Grasty says clients were jittery but more rational than the last time markets swooned. They're also in general in better financial condition with more cash on the sideline and a more diverse investment portfolio.

"The mentality of clients is quite different than what it was in 2008 and

early 2009," he says. "They are not as anxious and can better rationalize the recent political uncertainty with higher market volatility."

Ed Doughty, founder of SouthPark's Epic Capital wealth-management firm, spent the first half of the week at an LPL Financial conference in Chicago. Still, the equities veteran says he made sure phone calls were made to clients he knew would be worried. He also sent emails throughout the past week with a just-the-facts-ma'am tone to help investors decipher the ups and downs.

"There's no substitute for being proactive," he says. "There's a heightened level of fear right now, especially when you have these wild swings between positive and negative territory."



Olmstead



Doughty

N.C. pension system's returns trail other states

LEE WEISBECKER
TRIANGLE BUSINESS JOURNAL

While respectable, the latest investment returns chalked up by the North Carolina pension system don't rise to the numbers being posted by some other states.

North Carolina's retirement kitty completed fiscal 2011, which ended June 30, up 18.48%. That was 0.48 of a percentage point below the system's 12-month benchmark target of 18.96%, and well behind the low to mid-20% returns reported by a number of other states.

As of June 30, before the recent stock market swings, North Carolina had pension assets of \$74.9 billion.

Meanwhile: Florida, with \$128 billion in public pension assets, reported fiscal year returns of 22%. Ohio State Teachers, with \$66 billion, chalked up 22.6%. Wisconsin, with \$77 billion in total assets, finished its fiscal year up 22.9%. Massachusetts, with \$50 billion, racked up 22.3%. And the California Public Employees Retirement System, or CalPERS, the nation's largest system with \$237 billion in assets, saw a gain of 20.7%.

Julia Vail, spokeswoman for N.C. Treasurer Janet Cowell, says the investment division's primary goal remains meeting its required rate of return of 7.25%, the level needed to ensure the system can meet its benefit-payout obligations.

Beyond that, Vail points to the subject of bonds, stating: "Our high allocation to investment-grade fixed income relative to other states tends to not produce returns as high as other states during increasing equity markets, but provides the pension fund with solid returns in all market environments."



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