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Lord Abbett Ties Advisor Push to Credit Woes

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Lord Abbett & Co.¹ is focusing a new advisor-directed campaign on how the poor credit markets are affecting one of its core SMA product sets. Many SMA managers offer education and support to financial advisors, and Lord Abbett is taking it a step further by zeroing in on a specific sector.

The money manager based in Jersey City, N.J., launched its targeted education push on market conditions for municipal bonds last month in a multi-pronged effort that pulls in many tools managers typically use to communicate with financial advisors who sell their products.

The campaign goes beyond the standard practice of providing training and resources for advisors on practice management, portfolio construction, and broad economic issues, which most large SMA managers offer in a bid to build advisor loyalty for their products. It takes what had been piecemeal materials about the municipal market and combines them into a collective effort, says **Michael Weldon**, director of retail marketing at Lord Abbett.

The campaign involves several features targeted to advisors, including a **dedicated Web resource page**² with research papers, commentaries, and other data; a live conference-call seminar; special mailings; focused training on the topic for Lord Abbett's wholesalers; and material for a tailored presentation on the topic.

The program aims to explain the complex reasons that the global credit marketplace has descended into turmoil since last summer while also helping Lord Abbett shore up confidence in municipal bonds, which have suffered significant disruptions in the volatile market. Lord Abbett manages \$5.7 billion in tax-free municipal bond SMAs, primarily through long-only strategies but with some state-specific customized accounts. As of December 31, it managed \$19.8 billion in SMA assets overall.

Municipal bonds came under scrutiny last year when the subprime mortgage crisis spread to the bond insurance sector and then along to the municipal market, Weldon says. Earlier this year, several hedge funds began selling their municipal bond holdings and creating more negative headlines about the space.

"While advisors understand the market, their primary concern is the client, and they are getting a lot of questions," Weldon says. "When their phones are ringing a lot, we know that's when they need us the most. We want to supplement their knowledge and bring them up to speed with our current thinking."

Weldon says the overall message of the campaign is that the bond market has no fundamental problems with regard to the underlying credit of the municipalities, but rather is suffering from fallout in the larger credit crisis. "We don't make recommendations to buy or sell," he adds.

Other firms have also been upgrading their advisor support offerings. Baltimore-based **Legg Mason**³, for instance, recently revamped and expanded its advisor training program with a focus on additional topics, such as alternative investments. Legg Mason is the largest SMA manager with \$61.1 billion, according to the **Money Management Institute**⁴. And **SEI**⁵ of Oaks, Pa., also recently unveiled its **Advisor Resource Center**⁶, a Web-based marketing system that its 6,500 independent advisor clients can tap to review seminars, marketing materials, newsletters, and research articles on practice, industry, and market issues.

Lord Abbett's effort to zero its campaign in on a single issue is a smart move, says **John Shields**, a principal in Portsmouth, N.H., for **MainStay Consulting Group**⁷, an asset management industry consultant. "This subprime lending issue is pervasive throughout the markets, and people are afraid about where it's going to rear its ugly

head in the coming months," he says. "It's the kind of thing on a daily basis that causes people to call up their advisors asking hard questions. This program is just good business practice, not just for loyalty, but to reassure advisors and their clients."

Its timing is also good, based on the findings of a recent study by [Kasina](#)⁸, a New York-based research firm. It found that the financial market woes are likely to lead advisors to rely more heavily on asset manager education resources. A survey conducted as part of the study found that 96% of advisor respondents said that a manager's ability to "deliver an informed opinion" had some impact on their choice of products.

The Lord Abbett program informally kicked off on March 12 with a Webcast tailored to advisors. Several hundred of them tuned into the program, and feedback from advisors was positive, Weldon says.

The campaign also may have had a positive impact on sales. "Our sales have ticked up nicely in separate accounts and mutual funds," Weldon says. "The information was well received, and the connection rate when we make outgoing calls has been higher."

The campaign has one predecessor at Lord Abbett in a national education effort that had been launched in 2002 with a much broader focus, Weldon says. That effort tried to explain the bear market that had held down returns for three years at that point. "Nobody was feeling good about buying, and the stories were about terrorism, the recession, the war starting up, and corporate scandals," he says. "We put together a coordinated campaign with broadcasts for advisors, seminars, ads, and articles. We haven't done anything on that scale since then, but when we saw this happening in the muni sector, we said we've got to get out there and calm people down."

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