

## A Mid-Year Letter to Your Clients

By Dan Richards\*

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*A list of Dan Richards' previous articles appears at the end of this article.*

Last week, Charles Schwab released a research report indicating that one in four investors is considering changing firms or advisors.

While the research was more than a little bit self-serving, one interesting insight did emerge when investors were asked why they might switch. The top two factors, each mentioned 32% of the time, are desire for a better fee structure and better advice. Just behind, though, in 29% of cases where investors are contemplating a move is the desire for more proactive contact.



Even with the 40% market recovery since March, many investors are still very anxious and looking for guidance and direction from their advisors. Markets of the past year created a huge spike in the demand for substantive communication – whatever level of contact your clients were looking for a year ago, chances are it's higher today.

And clients aren't just looking for quantity of contact – substance and quality of communication are just as important.

One way to respond to this demand is by sending clients a mid-year letter with your thoughts on where we are today and an outlook for the period ahead. Here's a sample template of what that letter might look like, road tested with investors.

[Template for a Mid-Year Letter.](#)

Four key thoughts will make a letter such as this work for you:

1. It needs to be substantive.

Today homilies, platitudes and generic commentary don't cut it – clients are seeking concrete guidance and substantive advice. Anything viewed as a puff piece will hurt more than help.



2. It has to be candid.

More than ever, investors are looking for candour and a balanced perspective – to maintain your credibility, it's critical that you be forthright in talking about the negatives as well as the positives in the period ahead.

3. It should be backed up by facts.

Given the spike in investor scepticism, we're operating in a "Prove it" world. It's not good enough to make a claim – you need to back it up with facts. That's why the model letter's comments are backed up by links to articles from the *Wall Street Journal* and *Fortune*.

4. And it has to be yours.

All advisors are different in their perspective and you need to make any outlook reflect your own point of view. The template letter provides a starting point, but that's all it is – to be effective you need to spend the time to incorporate own personality and viewpoint and truly make the letter yours.

As you think about staying top of mind with clients in the next while, consider sending a mid-year letter such as this one. The investment of time required could pay big dividends in client peace of mind and be the difference between keeping clients and losing them.

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