



The Rep Letter

Dated July 2015



OBJECTS IN MIRROR ARE CLOSER THAN THEY APPEAR

In prior communications, we have opined that both the debt and equity markets have considerable risk. We believe that those who try to “ride out” this period, leaving their clientele substantially exposed will most probably suffer a significant reduction in both clientele and their assets.

Many professionals in the industry today utilize mutual fund and ETF platforms in the management of client assets. These services cost the client anywhere from 125 basis points to well over 200 basis points. In 2010, a gentleman by the name of Jon Stein, launched a firm called Betterment, apparently the first “robo-advisor.” Since that time, several other firms have come into this space, costs range from 0.00% to about 35 basis points depending upon the account size, features, and how it is introduced. Arguably, the largest player in this is Charles Schwab. As a point of historical interest, we note that following the elimination of fixed commissions, on “Mayday” (May 1st, 1975), it was Charles Schwab who founded the discount brokerage industry! We believe this new advisory methodology is here to stay and will, within a few years, very dramatically influence advisory industry pricing, and prove a windfall for smaller firms. For further information, please see the Barron’s article dated May 23, 2015.

Chance favors the prepared mind (and business plan). With stagnant, very uncertain dangerous traditional markets and revenues shrinking on most all fronts, it will require a higher payout and lower costs to sustain one’s lifestyle. You will be unlikely to locate a better offer in the independent space.

We would be pleased to make an offer that will be difficult to refuse.

Michael C. Jordan
President

Polar Investment Counsel Inc. is an independent broker dealer.
The firm’s senior principal, Michael Jordan has over forty years of industry experience.

Polar Investment Counsel, Inc.

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