

# WICKWARE QUARTERLY

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INSIGHT AND AMUSEMENT FOR FINANCIAL SERVICES SALES AND MARKETING PROFESSIONALS

## This time, it's a bit different

Let's be honest—the last few months have been a bit different than anything we've seen before. Yet, Warren Buffett's recent commitment of \$10 billion to the market confirms my sense that this is a time of tremendous opportunity. Here's a thought: when assets are selling at a 20% discount, there's a 25% return to be had on the way back up.

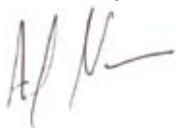
I hope this issue of Wickware Update gets you thinking about better times ahead or, at the very least, provides a pleasant break from your day.

Here's what you'll find inside:

- > **Trends:** Investing for the Big Apple
- > **Creative:** The process of great design
- > **Perspective:** Who knows which way the wind blows?
- > **Digest:** Quick hits on money and marketing
- > **Update:** Industry and agency news

Happy reading, and please drop me a line if you have any questions or comments.

Yours truly,



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TRENDS /

## Investing for the Big Apple

New York City is widely considered the centre of the financial universe. So how does the Big Apple invest its own \$105 billion pension plan? Stewart Dier, Managing Director of Private Markets for the NYC Comptroller's Office, recently shared with us five emerging investment trends that have captured his interest.

### 1. Environmental and sustainable investments

Far from being merely a “feel good” idea, Dier says that environmental, social, and corporate governance (ESG) issues can have a real impact on portfolio performance. In fact, about 140 pension plan sponsors worldwide, including nine large U.S. public funds, have made criteria for responsible investing part of their standard application process for investment managers.

### 2. Activist strategies

Activist strategies aim to increase returns by directly engaging corporate managers. Dier says the goal is typically to work with management to implement strategic, operational, financial, or governance improvements that will result in share price appreciation. This approach is intensive, but the rewards can be big: performance expectations are typically 500 bps over the index.

### 3. Hedge fund-of-funds

Hedge funds can generate returns from a wide range of investment styles with names like conventional long equity, short equity, global macro, relative value, and event-driven. Dier likes hedge fund-of-funds because they combine multiple styles in a single vehicle, raising the potential for higher risk-adjusted returns and a low correlation to traditional asset classes.

### 4. Infrastructure

Canadians have been hearing about infrastructure for some time now, but in the U.S., the idea of investing in critical energy, transport, water, and social resources is just starting to catch on, often as a result of new privatization of governmental entities. Dier says he's looking at investing directly in physical infrastructure assets as a way to generate stable and predictable cash flow that typically has a built-in hedge against inflation.

### 5. Inflation protection

Inflation protection is a key theme for Dier, especially as someone with responsibility for the retirement finances of thousands of New York City public servants. He sees the potential for inflation protection in commodities such as energy, as well as Treasury Inflation-Protected Securities, or “TIPS”, which are bonds that feature a variable principle amount tied to the Consumer Price Index.

### Our view

Markets move fast, and the push to innovate new strategies, new asset classes, and new investment instruments moves with nearly equal speed. In our experience, investment trends that originate among the most sophisticated institutional investors eventually permeate the retail mainstream. That means marketing and sales teams across our industry can benefit from being aware of these trends. //



CREATIVE /

# The process of great design

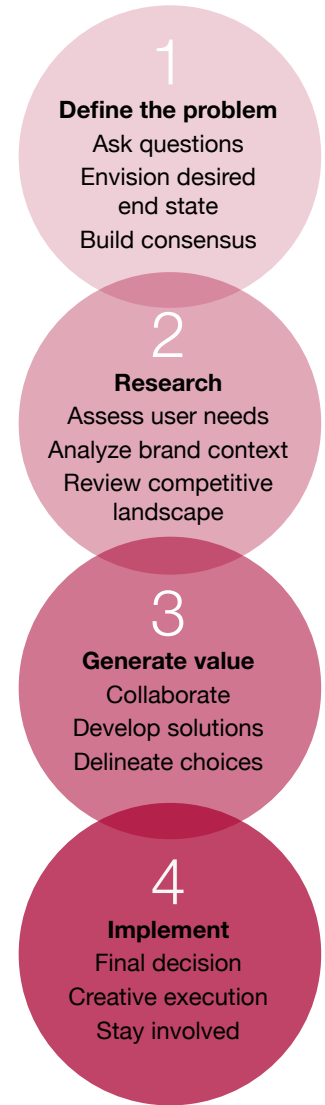
Graphic design is a subjective art form, and breakthrough ideas are more often the result of mysterious inspiration than cold calculation. Even so, having a clearly-defined process can be a critical factor in the success of a design project.

At Wickware Communications, we follow a process that adapts elements of the design frameworks recommended by the *American Institute of Graphic Arts* and the *United Kingdom's Design Council*. The result is a four-step process that succeeds in linking design outcomes to practical business needs.

## Our view

When design takes place within pre-established design conventions, it may be possible to skip directly to the third or fourth step. But when the mission is to establish a new identity or create a fresh visual language, a process-driven approach can pay both creative and practical dividends.

A clear understanding of business, brand, and competitive imperatives provides the foundation for design that is relevant and original. A linear approach empowers you to articulate the design process and gain buy-in from stakeholders—such as sales and executive teams. For design to succeed, strong creative and solid buy-in can be equally important. //



## PERSPECTIVE /

# Who knows which way the wind blows?



Predicting the markets is a lot like predicting the weather—many try, but few succeed. With today's market volatility being likened to the monster tsunamis, killer hurricanes, and historic floods of recent years, we thought it would be interesting to explore some of the intersections between weather and commerce.

Farmer's almanacs were indispensable business tools back in the 18th century, as the success of our agricultural economy depended greatly on reliable sunrise tables, planting charts and weather forecasts.

*The Old Farmer's Almanac*, launched in 1792, is North America's oldest continuously published periodical. To calculate the Almanac's weather predictions, founder Robert B. Thomas studied solar activity, astronomy cycles and weather patterns, and developed a secret formula that's still kept in a black tin box at the Almanac headquarters in Dublin, New Hampshire (this is suspiciously reminiscent of the proverbial "black box" algorithms used by some of today's hedge fund managers).

In 1818, a competing publication, known simply as *The Farmer's Almanac*, hit the market. This publication's forecasting formula is also top secret, and known only to a reclusive seer named Caleb Weatherbee. The almanac says Caleb is a real person living somewhere in the United States, but his true identity has never been revealed.

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Who knows which way the wind blows?

### Meteorologist for hire

Our economy no longer depends on family farms, and farmer's almanacs have been reduced to little more than curiosities. But weather still pays a major economic role. Indeed, the U.S. National Weather Service was moved out of the Agriculture Department earlier this decade and made part of the Commerce Department.

Energy companies are said to be hiring meteorologists at more than twice the rate of government agencies. Retailers are teaming with climate consultants to predict everything from the demand for winter coats to the best time to stock lawn fertilizer. Pharmaceuticals ramp up allergy pill marketing based on expected pollen counts. And natural disasters have cost insurers tens of billions in the last few years alone.

Joe Bastardi could be considered the Caleb Weatherbee of Wall Street. As Chief Forecaster at AccuWeather, a firm that calls itself, "The world's weather authority," he sells weather predictions to commodity traders and hedge fund managers. According to a Dow Jones report, Bastardi's forecasts can make a measurable swing in the New York Mercantile Exchange.

Investment firms are also building in-house expertise. For example, Lehman Brothers hired Dan Guertin as its chief meteorologist in 2007. He'd arrive at work at 5:30am to scan global forecasts and produce reports tailored to different commodities. Guertin was right on the money when he predicted that Hurricane Dean would narrowly miss touching down in the U.S. However, given the recent fortunes of Lehman, it's hard to say if he really knew which way the wind was blowing.

### Our view

Over the long-run, we'd be confident predicting that the weather in Arizona will be warm and equity markets will return somewhere in the neighbourhood of eight percent annually. But in the short-run, both the markets and the skies are influenced by such a complex aggregation of factors, we doubt they'll ever be truly predictable. //



DIGEST /

## Quick hits on money and marketing

### Walking the talk

"An organization can only 'walk the talk' when its managers deliberately shape its internal reality to align with its brand promise...(the brand's) values must be internalized by the organization, shaping its instinctive attitudes, behaviours, priorities, etc."

Source: Alan Mitchell, "Out of the Shadows" Journal of Marketing Management 15, No. 1-3, January-April 1999: 25-42

### WTF?

According to acronymfinder.com, many of the three-letter acronyms we routinely use in the financial industry do not have universal meaning.

ACRONYM	WHAT WE THINK IT MEANS	WHAT OTHERS MIGHT THINK IT MEANS
AUM	Assets Under Management	Animal Unit Month Air-to-Underwater Missile Alternate Unit of Measure
BPS	Basis Points	Bits Per Second British Pharmacological Society Backup Power Supply
DSC	Deferred Sales Charge	Digital Still Camera Dynamic Stability Control Debt Service Coverage
EPS	Earnings Per Share	Expanded Polystyrene Edmonton Police Service Environmental Priority Strategies
ROE	Return On Equity	Rules of Engagement Record of Employment Rate of Exchange

## The 10 most influential taglines of the past 60 years

A recent survey of 100 advertising, marketing, and branding professionals named these the most influential taglines since the advent of broadcast television in 1948:

- 1. Got milk?** *California Milk Processor Board (1993)*
- 2. Don't leave home without it.** *American Express (1975)*
- 3. Just do it.** *Nike (1988)*
- 4. Where's the beef?** *Wendy's (1984)*
- 5. You're in good hands with Allstate.** *Allstate Insurance (1956)*
- 6. Think different.** *Apple Computer (1998)*
- 7. We try harder.** *Avis (1962)*
- 8. Tastes great, less filling.** *Miller Lite (1974)*
- 9. Melts in your mouth, not in your hands.** *M&M Candies (1954)*
- 10. Takes a licking and keeps on ticking.** *Timex (1956)*



UPDATE

## Industry and agency news

### PAICR celebrates 10<sup>th</sup> anniversary in New York City

We were recently thrilled to join close to 200 of our peers at the Crowne Plaza Times Square to celebrate the 10<sup>th</sup> anniversary of the Professional Association of Investment Communications Resources (PAICR).

The conference featured riveting key note speeches, panel discussions and roundtable discussions. We also greatly enjoyed the opportunity to chat one-on-one with inspiring and insightful industry leaders (including Stewart Dier of the NYC Comptroller's Office , featured on page one).

#### Please join us

If you haven't yet joined PAICR, now is the time. We're currently organizing an informal meeting in Toronto on the increasing role of philanthropy in the sphere of high net worth wealth management. Details will follow shortly, but you have to be a member to attend.

Please let us know if you'd like to be kept in the loop regarding this event. A PAICR membership is only USD\$200 annually, plus a USD\$50 initial registration fee. You can join today at [www.paicr.com](http://www.paicr.com).

### Kudos for one of our own

We're pleased to announce that, after months of studying, a grueling exam, and intensive portfolio review by a jury of her peers, our Art Director, Nadine Kuhlkamp, has earned the Registered Graphic Designer (RGD) designation. Nadine's had a great year so far—she now holds the premier designation in her profession, she was recently featured in *Investment Executive*, and at least one of our clients will be submitting her work for consideration at the 2008 *Canadian Investment Awards*. Congratulations Nadine!

#### WISE WORDS

I've seen more people fail because of liquor and leverage – leverage being borrowed money. You really don't need leverage in this world much. If you're smart, you're going to make a lot of money without borrowing.

Warren Buffett

Wickware Communications draws on decades of financial industry experience to help our clients build stronger brands.

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#### Comments? Questions? Refer a subscriber?

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