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Mesirow Financial, The Morris/Rosenblum Team

Lester A. Morris, CPA, Senior Managing Director, Investment Advisory
Jennifer E. Rosenblum, CFA®, Managing Director, Investment Advisory

“ In today’s market, how should I diversify? ”

By Lester A. Morris and Jennifer E. Rosenblum

We believe that investors should diversify by using investment managers who look at risk first and foremost.

HISTORY OF DIVERSIFICATION

Over the years, diversification strategies have evolved. These modifications included creating balanced portfolios, developing industry segmentation, and adding real estate, venture capital, private equity or hedge funds to a portfolio.

A significant refinement to diversification strategies was introduced with the advent of the Morningstar Style Box, a nine-box grid that took into consideration capitalization (large, mid and small) and philosophies (value, growth and blend). The style box became the widely accepted method used to diversify.

GOAL: OUTPERFORM THE MARKET

The goal for each refinement was to outperform the market during both up and down periods. However, these strategies failed to protect investors during the two recent, significant market declines (2000–2002 and 2008–2009). Investors experienced losses greater than their worst fears. Since


then, investors have questioned diversification practices because they did not take their risk-tolerance preferences into account.

We believe that diversification needs to be further refined in order to place a greater emphasis on evaluating risk. Risk, in terms of the investor, has been historically defined as the ability to accept volatility.

But risk has several different meanings depending upon what is perceived to be at risk.

- If the risk is defined relative to the investor, then it is the ability to tolerate loss of principal.
- If the risk is defined relative to a specific investment, then it is the probability of a partial or total loss.
- If the risk is defined relative to the market, then it is the probability of significant downside volatility.

KEY TO DIVERSIFICATION

We believe the key to diversification is to select investment managers who evaluate risk first. As a practice, these managers will discard any investment that does not have reasonable downside protection. As a result, they are more likely to lose less when markets are not performing well. 

SETTING REALISTIC RETURN EXPECTATIONS

An investment plan should include an investor’s financial objectives and risk parameters, but, most importantly, it needs to include a realistic return expectation.

For the majority of our clients, the return goal is a real return two to three percentage points over the 10-year Treasury note and/or the inflation rate over a typical market cycle (three to five years). We do not believe that typical investors should focus on index returns because, in the end, an index cannot provide for the real return they need to meet their ongoing financial goals and needs.

“The key to diversification is to select investment managers who evaluate risk first.”

– Lester A. Morris and Jennifer E. Rosenblum

How to reach The Morris/Rosenblum Team

You can reach us at 847.681.2301.

WHAT MAKES A GOOD WEALTH ADVISOR...

Lester: One who is capable of listening and understanding clients

Jennifer: One who can translate a client’s objectives into an investment plan that meets those specific objectives

I NEVER LEAVE HOME WITHOUT...

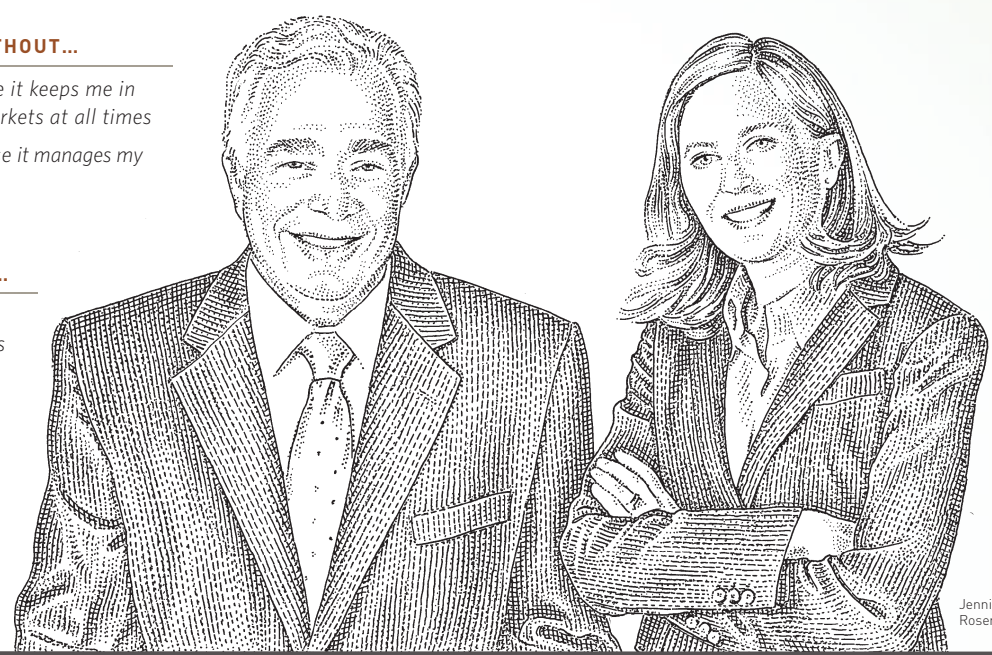
Lester: My BlackBerry because it keeps me in touch with clients and the markets at all times

Jennifer: My BlackBerry because it manages my life so well

WHAT’S ON MY DESK...

Lester: Pictures of my family and homemade gifts from my grandkids

Jennifer: A good-luck paperweight that my mom gave me when I started my first job out of college 22 years ago



Lester A. Morris

Jennifer E. Rosenblum

About The Morris/Rosenblum Team

The Morris/Rosenblum Team is a wealth management team at Mesirow Financial, an independent, employee-owned private company with more than \$40 billion in assets under management. The team provides wealth management services for individuals, families, business owners, charitable organizations and corporate retirement plans. Lester A. Morris is a senior managing director with more than 45 years of experience, having joined Mesirow Financial in 1965. He earned his bachelor’s degree from the University of Illinois. Jennifer E. Rosenblum is a managing director with more than 20 years of experience. Prior to joining Mesirow Financial, she was a fixed-income trader, research analyst and portfolio manager at Gofen and Glossberg LLC. Ms. Rosenblum received her bachelor of science degree from the University of Illinois and is a Chartered Financial Analyst.

Assets Under Management
\$450 million (The Morris/Rosenblum Team)
\$40.2 billion (Mesirow Financial)

Minimum Fee for Initial Meeting
None required

Minimum Net Worth Requirement
\$1 million (planning and investment services)

Largest Client Net Worth **Confidential**

Financial Services Experience
67 years (The Morris/Rosenblum Team)

Compensation Method
Asset-based fees

Primary Custodian for Investor Assets
Mesirow Financial, Inc.; multiple secondary custodians

Professional Services Provided
Planning and investment advisory services

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About the Worth Leading Wealth Advisors

The Worth Leading Wealth Advisor admittance process is based on, but not limited to, the Advisor's experience, education, fiduciary status, compliance record, wealth management services, methods of compensation and scope of current business. In order to be considered for the Worth Leading Wealth Advisors Program, financial professionals must be willing to provide complete and full disclosure to investors so that independent analysts from Paladin Registry can thoroughly screen and evaluate their credentials, ethics and business practices. Once admitted, Advisors pay a fee to be included. Investors and potential investors are solely responsible for the decision to select particular Advisors.