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To the Editor:

I believe Barron's has done a disservice to its readers in publishing the Top 100 Advisers. These individuals may be very successful, but there are several problems in characterizing them as "top advisors".

First, the firms surveyed by consultant R.J. Shook are brokerage firms, not advisory firms. There are fundamental differences between an advisor and a broker (the Merrill Lynch rule notwithstanding). An advisor is a fiduciary, providing advice in the client's best interest. A broker sells product and facilitates transactions that are suitable to a client's situation (even if the account is fee-based). Barron's should be one of the lead voices making this distinction clear, not part of the chorus confusing the issue. I am not saying brokers are bad and advisors are good, only that they are different and should be utilized differently by investors.

Second, the definition of "top" is heavily weighted toward assets under management. This is a sign of sales skills and the broker's focus on distribution, rather than investing acumen. Many investors like to work with large brand-name firms because they find comfort in its size (again confusing distribution prowess with advisory skill) and in their warm, endearing commercials which have very little to do with financial outcomes for investors.

But the biggest issue manifested throughout the article, in the words of the author as well as the words of the brokers, is one of leadership. To read the article, one gets the sense that the best advisors are able to anticipate what their clients want and provide the investment products most suitable to that desire. When the client wanted exposure to hot technology stocks in the late 1990s, these advisors were the best at providing it. When clients wanted exposure to hedge funds (without really knowing what they are or why they wanted exposure to them), these advisors complied. Now, clients want balance, diversification and capital protection, so these advisors are selling the products their clients need to achieve these objectives. When the wind changes again, we can anticipate that it will be these same brokers facilitating the next new thing.

It is of paramount importance to understand each client's unique situation, of course. But, in our opinion, advice should not be based on the flavor of the day. Prudent investment consulting is based on proven investment philosophies, and demands speaking truth to clients even when the message is not one they want to hear. This is difficult for many financial professionals for they fear losing a client. We see it differently. We believe this is the only way to develop long-term trusted relationships and the only way to help our clients achieve lasting financial success. It is also the only way to do business ethically as an advisor.

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Maybe that's why many top advisors work for small, privately-held, professional organizations. Next year, I hope you will explore the value a true advisor brings to clients rather than rating brokers by how much product they sell.

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