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FIRST PERSON

## No Fear

WHY PUTNAM INVESTMENTS' NEW CEO **ROBERT REYNOLDS**, 56, ISN'T AS WORRIED AS THE REST OF US ABOUT THE FINANCIAL CRISIS.

**You were vice chairman and COO for Fidelity, helping to build it to more than \$1 trillion in assets. But you left last year when chairman and CEO Ned Johnson made it clear he wasn't ready to turn over the reins to a non-family member. Then you took a year off. What does such a driven person do when he stops working?**

The first few days are very difficult. But then Fourth of July came, and it hit me that every day should be like Fourth of July. That was fun, but to me, it's more fun to be working.

**You came back to work in July, just before the financial credit crisis hit. Ever regret coming out of sabbatical for this?**

There's a reason you come back to work, and it's situations like these. This market needs me more than it ever has.

When things are challenging, that's when more is needed from leadership.→

**First Person**

CONTINUED FROM PAGE 5

I haven't second-guessed my decision to take over Putnam for one second.

**Are you as bearish about the market as the rest of the world these days?**

I'm bullish. This is a financial services problem where companies' leveraged assets decreased in value more than they ever thought they could. It touches us, because it's so close to us, but the overall economy still looks decent.

**In September, you closed one of Putnam's money market funds. Has the crisis impacted your plans to turn the company around?**

On the day we had significant withdrawals, there was no liquidity in the market, so we had to act to protect shareholders. By finding Federated to take it over, we made a bad situation into something good. Strategically, our future will be determined by how well we do in the equity and fixed income markets and by how well we allocate assets. The crisis hasn't changed that one bit.

**What are you doing to handle the financial crisis? Are you playing more basketball, drinking martinis?**

[Laughs.] I'm working pretty hard right now. We have a unique opportunity at Putnam. The crisis allows us to retool while not a lot is going on in the marketplace. When the market does eventually turn, we want to be set up to participate as much as anyone.

**What's your advice to the average investor?**

If you have a long-term horizon, over five years, you can be aggressively invested and know that short-term swings are not going to affect the long-term output. That's truer than ever right now. Over time, stocks will outperform bonds and bonds will outperform cash. If you have a diversified portfolio, you will do well over time. We are closer to the bottom than the top right now. If you were trying to time this kind of thing, now's not a bad time to get into the market.

**You sound so sane.**

Early on, someone told me the biggest mistake you can make is to think, "This time is different." The markets have a way of repeating themselves. This time really isn't different.

**It feels different.**

Think of the bull market of 1999-2000. The market is cyclical. It just so happens that the leverage of Wall Street and the American banking system has caused us to end the housing bubble, and, in turn, create a liquidity crisis for the country. This is bigger, but it's not different from when the government took bad loans out of the hands of savings and loans.

– Tom Matlack