

# Free cash flow is key to weathering recession

Excerpt of Money Manager Interview from The Wall Street Transcript

## Sector — General investing

TWST: Please introduce Mesirow, its history, and your role there.

Mr. Sydow: Mesirow is a financial services company that has been in business for 85 years. We are headquartered in Chicago, with 17 offices around the world. We have a number of major businesses with about 500 employees, and we're entirely employee owned. Some of Mesirow's main businesses are investment banking, capital markets, structured finance, sale/leaseback capital, public finance, and asset management — both alternative and traditional. And we have a big advisory business as well. I am the CIO of the High Yield and Bank Loan group at Mesirow. We are headquartered in Manhattan Beach, California.

TWST: What type of client is best served at a boutique firm? And why is Mesirow considered a boutique firm?

Mr. Sydow: From the point of view of a client, and specifically a client of our group, we see the boutique as favorable in the sense that we are not encumbered by managing an overly large portfolio. We own only about 100 bonds in our portfolio out of 2,000 in the index — so we own 5% of the bonds in the high yield index, while some of our very large competitors own hundreds of bonds, 400, 500 bonds. We've seen a couple that own 800 bonds. So for a firm like us that is fairly aggressively trying to beat the market, the ability to do that on a relatively small scale is a big advantage. And that kind of shows up in our returns.

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