WISER WEALTH MANAGEMENT

3 WAYS to Grow & Protect Your Portfolio

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WHITE PAPER

3 Ways to to Grow and Protect Your Portfolio

1. **Keep Cost Low**
2. **Maintain a Diversified Portfolio**
3. **Focus Long Term**

1 Keep Cost Low

The financial service industry can be very confusing. When trying to calculate exactly how much you are paying for services, it is easy to become overwhelmed. **Unfortunately, the industry is also dominated by large, expensive, product pushing companies that have great marketing departments.** The companies that "make sense of investing," may explain products well, but fail to explain the 20+ page fee disclosures. Hidden fees or requirements could cause you to lose 4.25% of your initial investment, lock up your funds for 10+ years, and add 12b-1 fees in excess of 1%. Obviously, these are details that they don't want you to know about until you've bought in and signed up.

Fees compounded year over year can have a huge negative effect on your portfolio. Over the last ten years a 60% Stock, 40% Bond portfolio using low-cost index funds (0.05% annually) has had a total return of 100%.* A 2% fee drops the return to 63%. Compound again over 30 plus years and you see why very few fund managers and stock pickers beat low-cost index funds over time.

***Return from Nov 2011 to Nov 2021**

1

Keep Cost Low

Although most fiduciary advisors tie their compensation to assets under management, you are really paying for their financial planning service. Portfolios managed by fee-only advisors are basically free today with commission-free trading using low-cost index funds. The traditional large brokerage firms are struggling with this change and fiduciary fee-only advisors are growing faster than ever. **You should be paying for the advice which directs the portfolio management not for the investment products in the portfolio.**

2 Maintain a Diversified Portfolio

Buying a single stock can result in great rewards. We all have a friend that bought a stock like Google or Tesla early and saw a nice profit. But this all or nothing strategy can also bring tragedy and investment scares that destroy any hope of obtaining future goals. While stories of overnight successes do exist, life rarely happens this way. **Sacrifice, perseverance, and patience are the most common paths to success in general and investing is no different.** Investing in long term healthy asset classes like large, mid and small cap stocks in the US over long time periods has historically brought investors great success.

Getting a diversified portfolio built correctly can be difficult for at home investors as they tend to only focus on rate of return, not understanding how different asset classes move overtime. There are good templates available online, but this is where advisors can bring a lot of value. A recent Vanguard study shows that advisors can add significant returns to portfolios vs self-investors. This has to do with maintaining disciplined investor behavior and having a properly diversified asset allocation in your portfolio.

3 Focus Long Term

The stock market has given investors a great ten years. And it's been good over the last 30 years, which just so happens to be how long we like to plan for your money to last through retirement. The S&P 500 is up 347% from November 2011 to November 2021. The previous decade, which includes the Financial Crisis, the S&P 500 gained 43%. Going back three decades, the S&P 500 returned 232%. **All together the S&P 500 over thirty years has return 2,005%.** Yes, you have read that right. $10,000 invested in October of 1991 would now be worth $214,610.

This great growth was not a smooth ride. Sept 11, 2001, Enron, the Sub Prime Mortgage collapse and a global pandemic all hit the headlines and stock performance hard. The S&P 500 at times declined 30 – 50% in relatively short time periods. Still, if you stayed the course, you were rewarded.

3 Focus Long Term

I give our clients the analogy that if we walked down the sidewalk only looking at our feet, we are going to probably injure ourselves. This applies to investing as well. **You should have an investment strategy that looks down the road toward your destination to help avoid short term pain.** Unfortunately, human nature can reduce your portfolio returns. The best financial advisors know this and guide their clients to build and maintain an investment plan by investing in the long-term growth of the market.

To start your portfolio growth and protection with one of our advisors, schedule a complimentary consultation by clicking here, or by calling (678)-905-4450.