

Your financial health can be as intricate and individual a proposition as your physical health

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In this newsletter, we share some thoughts on investing and hope you find them helpful as you evaluate your personal investment goals, objectives and risk tolerance, particularly during today's difficult economic times, market uncertainty and perceived levels of risk. Despite market turbulence, opportunity does exist and exists in many places.

Since most investors can see for themselves what may go right based on past performance, it is important to constantly ask yourself.... *"What are the consequences if I am wrong?"*

Some additional noteworthy items for your consideration follow:

1. There is no investment rule that always works. The world of finance never stands still and complacency leads to extinction.
2. Psychologists have proven that investors often feel the pain of a dollar loss to be much more harmful than the reward of a dollar gain. "Riskometry" helps advisors evaluate investor risk tolerance and develop bold, core and conservative portfolios to enhance confidence, patience and staying power. Consider taking larger risks with small amounts of money, complimented by smaller risk with larger amounts of money and limited or no risk with a portion of your holdings. Create a bold, core and conservative portion of your portfolio.
3. Expose yourself to upside surprises: they do occur. Once surprised, protect your gains.
4. Emotion and how investors think often get in the way of their investment success.
5. Most investors generally have two goals----not to lose money and to make much more money. They are essential rivals. Developing financial independence and creating multi-generational wealth is possible. Patience, discipline, dedication, diversification and common sense all contribute considerably to achieving these goals.

6. Often your best investments are the ones you did not make. As Warren Buffet said... *“A fool and his money soon will be invited everywhere”*.
7. Liquidity and hedging strategies aimed at protecting gains often improve performance. Cash is an asset class and a tool. Protecting gains and maintaining liquidity when few others are liquid provides powerful advantage during times of duress.
8. Today’s investment tools are vast and comprehensive. Stocks, bonds, mutual funds, separately managed accounts, hedge funds, index funds and exchange traded funds are just a sample of investment options available. Exchange traded funds are low in cost, daily liquid, generally tax efficient and growing quickly in volume and market share. Trends in investor sentiment, needs for liquidity and constantly improving technology impact portfolio options, construction and results.

BEWARE OF THESE COMMON MISPERCEPTIONS:

1. “Real estate always goes up.”

While it is true real estate often does appreciate; large swings in volatility, interest rates and the cost of ownership including real estate taxes, property repairs and upkeep often make real estate ownership an expensive proposition. Timing and sophistication are required just as in other investment and capital appreciation opportunities.

2. “Stocks always go up.”

Far more companies have failed than succeeded. Today’s leaders may not be around in the future. Polaroid, Memorex, Enron, MCI/WorldCom, Xerox, Lehman Brothers.....countries and indexes fail too...Russia in 1918, Eastern Europe after 1945, Egypt in 1954.

Diversification and protection is essential in all portfolios and utilizing today’s tools effectively can help you reach your goals.