Access Wealth Planning Offers Insights Into Investment Strategies

*Access Wealth Planning hosted an educational workshop, **"Investment Opportunities in Today's Marketplace"** for those worried about achieving their goals and financial independence in today's chaotic economic environment. Below is a summary of what was discussed, focused on the following topics:*

- **Smart strategies to manage and diversify your investment portfolio**
- **Advantages and disadvantages of different investment options**
- **How to create a goal-oriented, balanced portfolio or strengthen one**
- **How today's economic outlook may impact your investment plan**

Not even the savviest experts have the advantage of working with a crystal ball. After all, even the nation's top economists – not the least of which included Benjamin Bernanke, chairman of the Federal Reserve – never saw the recent recession coming. Yet, by following certain investment strategies, smart investors will be well served in both good and bad times.

This includes creating a goal-oriented, balanced portfolio and, like a GPS system directing a driver, recalculating one's investments along the way.

Portfolios need to match their investors' goals. This begins by asking yourself several questions: "What will you need the money for? What are your goals? How much risk can you tolerate? And, what is your time horizon?"

The answers to these questions, as well as a review of the market and economy, begin the investment planning process for any client. An optimal portfolio strategy is then developed, taking into account an understanding of the short- and long-term risks and opportunities. Once implemented, a quarterly report card tied to the individual's goals is created. The portfolio is then monitored, reviewed and rebalanced when necessary.

Staying the Course

Access Wealth Planning showed the benefits of staying the course during a time when many investors were left fearful by the economy's impact on the stock market. Investors who kept a $10,000 investment in the S&P 500 between 1992 and 2012, for example, reaped a return of 8.14% (with their assets growing to $47,836). This amount, however, would have been dramatically reduced by missing the market's 10 best days (to $23,873) or 20 best days ($14,876), according to J.P. Morgan's 2013 Guide to Retirement.*

Warren Buffet, one of the world's richest men and most successful investors, often uses sports analogies in discussing financial matters. Buffet has said 'the beauty of the stock market is that you don't have to swing at everything – you can take a pitch.'

Inflation needs to be considered when evaluating the return on any investment. Holding cash is particularly ineffective. AWP demonstrated how $1 dollar in 1950 is worth ten cents today, whereas treasury bills have grown to $16, bonds to $46, large cap stocks to $732, and small cap stocks to $2,936. While returns vary over the short term, they are far more stable over the long term. Since 1950, annual one-year returns for U.S. stocks have ranged from an increase of 51% to a loss of 37%; yet returns for the 20-year periods since then have ranged between 6% and 18%.

They also demonstrated how to use a diversified portfolio, one that may include a variety of mixes, such as large and small cap U.S. stocks, U.S. bonds, both EAFE (internationally developed) and EM (emerging market) stocks, commodities, equity, and real estate investments. Such a portfolio attempts to offset factors such as a rise in U.S. interest rates, which may adversely affect fixed-income investments. While some Americans may favor buying stock in U.S. companies, the use of international equities (particularly those from Australia, France, the U.K and Canada) may provide portfolio diversification and generate potential income.

In expounding on the importance of following and staying with a strategy during an unpredictable economy, we once again quote one of the nation's savviest investors. Buffet also likes to use more risque analogies in explaining his investment philosophy, saying 'it's only when the tide goes out do you discover who's been swimming naked.'

The financial planners and investment advisors at Access Wealth Planning can provide you with innovative ideas and guidance to help you achieve your financial goals. Contact them at (973) 740-2400 or info@awplan.com for a complimentary consultation about your specific situation.

** Prepared by J.P. Morgan Asset Management using data from Lipper Analytical Services as of December 31, 2012. Past performance is not indicative of future returns. Individual situations vary.*

These strategies may not be suitable for all investors. Indexes are unmanaged and investors are not able to invest directly into any index. Past performance is no guarantee of future results. In general, the bond market is volatile. Bond prices rise when interest rates fall and vice versa. This effect is usually pronounced for longer-term securities. Any fixed income security sold or redeemed prior to maturity may be subject to a substantial gain or loss. International investing involves special risks, including greater economic and political instability, as well as currency fluctuation risks, which may be even greater in emerging markets. Investments in stocks of small companies typically have a higher risk of failure, and are not as well establised as larger blue-chip companies. Historically, smaller-company stocks have experienced a greater degree of market volatility than the overall market average. The price of commodities is subject to substantial price fluctuations over short periods of time and may be affected by unpredictable international monetary and political policies. The market for commodities is widely unregulated and concentrated investing may lead to higher price volatility. Investments in real estate have various risks, including the possible lack of liquidity and devaluation based on adverse economic and regulatory changes.

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