

Slicing the Pie: Allocating Your Investments

By Eric Wightman

In volatile markets like we have today, it's important to balance risk and return: too much risk and it could spell disaster; too little, and you could be missing out on opportunity. That's why asset allocation and proper diversification are vital components of a healthy portfolio.

How you allocate your investments between investment categories – stocks and bonds, for instance – could make a meaningful difference in your portfolio. An all equity portfolio may be right for a handful of investors, but most investors require a balanced mix that utilizes other investment types. Creating a custom mix based on your unique financial circumstances helps to ensure you are on the right path to meeting your goals.

Customized. Not Standardized.

At the Wise Investor Group, we know that developing the proper mix starts with a financial plan. Our Financial Planners will work with you to evaluate factors such as your age, required rate of return to meet your goals and comfort with risk -- all of which are key factors in designing your allocation. There are also other factors to consider, including your need for income or liquidity, tax concerns and your need for capital preservation.

Once the plan is in place, our Portfolio Managers work to implement it properly by determining the size of each slice in your investment pie. Building off your financial plan, the team considers additional factors such as the size of your portfolio and current market conditions in determining your allocation.

Making the Cut

When the pie's been cut, we then decide how to fill each slice. Our aim is to help you fulfill your financial goals with as little volatility as possible.

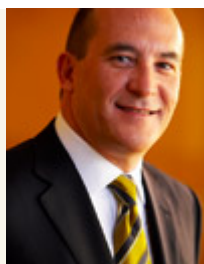
Our analysts look for long-term investments that are priced at a discount versus their intrinsic value. While we primarily work with equities, fixed income investments and cash and cash equivalents, we also utilize REITs and other investment vehicles on an individualized basis.

For the equity side of your portfolio, we avoid overweighting individual industry or market sectors and do not make concentrated bets on specific sectors. We take into account stock you may own in your company's retirement plan or receive through an inheritance as well as stocks owned by your spouse. For additional income, we may include stocks with higher dividends.

For fixed income investments, we may employ a mixture of corporate bonds, CDs, treasuries and municipal bonds, or we may use municipal bonds exclusively if you want tax relief. Your age might influence the bond maturities we choose. If you need cash for an upcoming vacation or your child's tuition, we might include some shorter maturities.

We believe that this customized allocation of investments, combined with our value-oriented selection process, can help you weather near-term market upheaval and meet your long-term financial goals.

If you would like to learn more about how asset allocation can help you manage risk and return in your portfolio, please contact me or another professional at the Wise Investor Group.



Eric Wightman

Financial Advisor & Branch Manager
Wise Investor Group
Robert W. Baird & Co.
(866) 758-9473

Eric has more than 10 years of experience in business management. He helps determine effective diversification for individuals, families and corporate clients while also acting as Branch Manager of Baird's Reston office.