INVESTING IS SIMPLE BUT NOT EASY

Cheers to a New Year and all the opportunities it provides! From an investing perspective you never know what lies ahead and that is a good thing. If we all knew what would happen, investing would be reduced to a savings account requisite with low returns for its predictable guaranteed outcome. Anyone wanting to invest for medium or long term, certainly needs more growth on investments to stay ahead of inflation and taxes.

Last year proved that to make money in a portfolio of high-quality proven stocks, you need to stay invested. You either embrace the temporary declines as an opportunity to invest at "discount prices" or at the very least accept that the decline is simply a precursor to a new high at some point. This is why the time horizon required for equity investing is longer term, which in the world of stock market investing is generally accepted as 10 or more years. Looking back, we witnessed a steady decline in stock prices through to June at which time a new upswing began. Had you sold out of wonderful businesses in June you would have missed the nice rebound in the second half of the year.

Trying to time markets is a bad idea – no one can do it repeatedly with any form of success. Include any applicable taxes and trading costs and the great likelihood of a mistake on timing and it's a recipe for disaster. It is far better to utilize sector management strategies and rebalance your portfolio – especially if you are fortunate enough to own private investments.

To further illustrate, ask yourself the following true or false questions; In the history of north American stock markets, there has been declines and sometimes substantial declines? After each decline, did the market go on to set a new high? If you answered true (the correct answer) why do so many lose money?

The answer is that investing is not easy because investors make emotional decisions that corrode the framework for success. That framework includes proper security selection through fundamental analysis and other criteria. The ability to remain committed to your investment strategy through good and bad economic times is difficult without professional guidance.

Incorporating private investments generally provides additional stability and much higher yields (income) than traditional public fixed income securities such as bonds. While private investments are often not as liquid, many offer monthly redemption rights and the ability to rebalance in a timely manner when warranted. Working with a Portfolio Manager affords you the right to invest in these because the portfolio manager acts as your accredited entity, thus providing coveted access.

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