November 2013

Dear Clients and Friends:

When the Swiss created a knife for their army in the late 1800's, the idea was to have an all-around tool soldiers could use in the field. In addition to the sharp blade there was a can opener, and a screwdriver for disassembling rifles. Over time all sorts of gadgets have been squeezed in, everything from pliers to tweezers and corkscrews.

This actually has something to do with my own work, which is financial planning. Most do-it-yourself investors own a portfolio that reminds me of a Swiss Army knife. But in this case, the knife has too many can openers and they forgot the pliers.

When you open up your portfolio, you should see a variety of different investments, not copies of the same investment. Two positions, or even a dozen that are all basically doing the same thing, won't help you.

Modern portfolio theory is based on investing in *different types of assets*. You wouldn't buy a knife with four can openers. Then why would you have a portfolio with a bunch of investments that all react the same way when the markets are up or down, or when interest rates are high or low? You wouldn't be prepared for change, and change is always coming.

We're still sitting on historically low interest rates and moderate inflation, courtesy of the Federal Reserve System. Those policies are coming to a close, making this the perfect time to sharpen up your portfolio.

If you'd like to discuss your investment strategy, you can reach me at 619-291-2000, any day after 9:30 a.m.

Regards,

Chuck

Charles M. Shackelford