



BUILDING AN ENDURING PORTFOLIO STRATEGY

Maintaining a long-term approach to investing is a proven rewarding endeavor, but it must be under-girded by an enduring portfolio strategy. The following understanding have proven to be useful:

Cash and Equivalents

- For stability when a lot of investments are not doing well
- For purchasing power enhancement in a deflationary cycle
- For use in opportunistic situations

Call Options

- To generate cash or to supplement income especially when you own the underlining security

Bonds or debt-based instruments

- For profit and income in a declining inflationary and interest rate environment

Stocks and other Securities

- For profit in general prosperity
- For risk adjusted speculative growth

REITS

- To provide liquidity for overall portfolio
- May be used to supplement income
- To gain some relative growth

Commodities and Precious Metals

- Gold – for profit in inflationary and/or high debt environment, and periods of currency instability especially declining value
- Commodities – for hedging, and in more recent times, for pure speculation

PUTTING IT ALL TOGETHER

To put all the foregoing together, an allocation model example could be:

- **10** percent in Gold
- **6** percent in REITS
- **7.5** percent in Call Options
- **28** percent in Stocks
- **15** percent in Cash
- **30** percent in Bonds
- **3.5** percent Discretionary Speculation

Total Allocation Percentage = 100

The foregoing could be done with historically good result. It could be done on a D-I-Y basis requiring little time commitment and without paying anyone an exorbitant ongoing fee. Of course, your participation depends on your personal objective and situations.

Since 1928, taking in totality the last 95 years of the market – 61 positives, and 31 negatives; four months produced an average annual return of 1%, and three months produced average negative returns. As such, a suggestion is to re-balance twice a year – at the end of July and December or in early to mid-January.

Does all of the foregoing sound good? Call us at 408-396-0369 to learn more.