How to Repair your Portfolio
By Arthur Rottenstein, Registered Securities Principal.

It certainly has been a difficult time for investors since the peak of the market in October 2007(DJIA 10.09.2007 14164.531) (an unmanaged index of 30 widely held stocks*). If you are the average investor, your portfolio has likely declined in value more than you'd like it to. The stock market has been extremely volatile, treasury yields have been extremely low and so have CD's.

When you now examine your portfolio, you can't help being dismayed. Your portfolio is not performing the way you like. It appears to be "broken". If it was a car, you might say that it was not running on all cylinders.

So how do you "repair" your portfolio so that its objectives match your current goals? There is a fundamental process that any person can employ, regardless of the person's age, or size of the portfolio.

You must start from the very beginning of the financial planning process. You must start by examining what your goals are. You can't assume that the assumptions you had even a few years ago are still valid. You really must be brutally honest in your examination and not indulge in wishful thinking.

Here are some of the questions you might ask yourself.

1. What is my risk tolerance? How does that compare to my tolerance prior to our current downturn?
2. What are my income needs?
3. If you are dependant on your portfolio for your living needs, how much risk will I have to take in order to get the return I require to live on?
4. Will I outlive my money?
5. If you are pre-retirement, will I have enough assets by the time you'd like to retire?

These and other questions pertaining to your individual circumstances should be asked. Once you have a grasp as to your circumstances and frame of mind, you now can examine your holdings.

1. Divide your portfolio into three categories.
    - A. Those assets that have held up well and are doing what you intended them to do.
    - B. Those assets that have declined in value and will most likely never recover.
    - C. The most difficult category, those assets that have declined in value but may recover when the economy recovers.
2. Liquidate those assets that are not performing and are no longer useful based upon your current market assumptions.
3. With your new risk tolerance, income needs, and other factors that are unique to yourself in mind, deploy your now liquid assets into areas that are working in this

market climate. (Btw, in any market climate there are some things that do well and those that don't. Don't believe that all markets are uniform and that everything is doing poorly or everything is doing well).

To repair your portfolio so that you are investing with the potential for competitive return while staying in your risk parameters is not an easy task. Use as much help as you can get from financial professionals (your financial advisor, your accountant, your estate planning attorney and even your immediate family).
Be extremely honest in your portfolio analysis as well as your comfort with risk. Your portfolio may not return to the high point that it had been, but at least it will be running on all cylinders and you will have money in investments that are now designed to propel you forward, instead of lying by the wayside.

*Inclusion of this index is for illustrative purposes only. Past performance does not guarantee future results.

Arthur Rottenstein is a Registered Securities Principal with Raymond James Financial Services, Inc. Member FINRA/SIPIC. He has been managing the financial affairs of a number of select families in South Florida since 1982. If you would like Arthur to help you “repair” your portfolio, please feel free to call for an appointment at (561) 391-6961 or email him at arthur.rottenstein@raymondjames.com. Please feel free to visit his website at bocaratonfinancialplanner.com . or his office at 301 Yamato Road, Suite 1245, Boca Raton, FL 33431