PIONEER ADVISORY

INVESTMENT ADVISOR
WEALTH MANAGEMENT

TOP 5 KEYS TO INVESTMENT SUCCESS – The Pioneer 5

1) Know yourself - If you have opened an investment account before, you have been given a questionnaire to gauge your objectives and "risk tolerance". Risk profile questionnaires normally address three issues: time horizon, return expectations, and reaction to losses (volatility). Spend time reflecting on the results of your risk profile exercise. Know your comfort level for volatility and threshold for losses. Understanding your identity as an investor is a key factor to sticking with your plan. Adherence to your plan is a critical factor to long term success. Know yourself as an investor.

2) Have a plan - Before you are ready to invest, create a plan. Whether you are investing for retirement, college funding, or some other objective, financial planning exercises are well worth your time. Planning allows you to see how all your combined assets fit together and how they each play a role in achieving your goal. Financial plans are available in many sizes, shapes, and price points. If you shop around you can find one that fits your needs and budget. Find one you like but do a plan.

3) Keep it simple - Investment portfolios are constructed using science and math. The concept of asset allocation works. Consider implementing strong simple core portfolios with fewer holdings and broad exposure over portfolios with numerous small holdings. Be wary of investment products you don't understand and can't be explained easily by your advisor. There are many ways to generate various levels of return. There is no one "secret" portfolio. Understand your portfolio holdings as best as you can. The more you understand and believe in your portfolio construction, the longer you will stick with it. Keep it simple.

4) Consistent process - Trading and investing are two different things. Most if not all the financial media attention focusses on the decision of when or whether to buy or sell a "hot" stock. While this may make for interesting programing, it has little relevance for most people. Most investors are looking to grow their retirement nest egg on a long-term basis. Stay the course. Keep an investors state of mind instead of a speculators state of mind. Just because there is trading activity in a portfolio doesn't mean it is outperforming a more static approach. Stay consistent and focus on your goal.

5) Be patient - Over the past 10 years our financial markets have experienced unprecedented movement. Investing for a long-term objective requires discipline. Stick to your plan, rebalance when appropriate, and keep your emotions in check. Throughout my career I have seen the most explosive Bull market runs reverse to the downside and the worst doomsday trough recover and spike to the upside. Be prepared for the market to move hard in both directions and risk the temptation to get thrown off course. When the market gets crazy, exercise both patience and prudence when buying and selling.

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