



IN THE NEWS

Sunday Patriot-News, September 25, 2011

Suggestions for Navigating a Difficult Market

There is a sign that I have on the board near my desk. It is a quote from Albert Einstein that states, "In the middle of every difficulty lies opportunity". If you have followed the news the past few weeks and monitored the highly volatile movements of the stock market, you may see the difficulty. The better question at this point is to ask where the opportunity may lie?

Managing a portfolio during this time is akin to navigating a ship through a rough storm. To accomplish this successfully you will need diligence, a steady hand, and some patience. We are experiencing another historic time as investors. You may remember this scenario from a few years ago. I believe that just like then, we can get through this time with the proper navigation and a good captain of your ship.

It's easy to overlook the important ideas that can help you (the 'opportunity') navigate this tough market and economic environment. By placing your focus on what you hear in the news and what the 'expert' on television believes, it is easy to not see past the trees while in the middle of the forest. To make sure you are taking advantage of what you can, consider the following three suggestions to help make this voyage toward your goals a positive experience:

Consider your Personal Balance Sheet

Do you have debts that are being charged higher rates than the current rates you may receive on a new loan? This may be your chance to save on the amount of interest you are paying. The Federal Reserve recently stated that interest rates are intended to stay low into 2013. As you are able, I believe this is an excellent time to put the liabilities section of your personal balance sheet in order. Conversely, if you have assets that are available and earning a low rate of return, there may be better options as part of your overall portfolio to potentially improve the return on your investments.

What is your Risk Tolerance?

The word risk has a different meaning to each of us. When it comes to your money, one of the main risks is that your money is not available to you at the value you need it to be when you need it. With proper planning and investment allocation, you may be able to alleviate some of this risk. Knowing your goals and needs for what amounts of money at what time in the future gives you an opportunity to seek out investments that match your time frame and hopefully improve the overall return on your portfolio.

How are you managing your Portfolio

Whether you are the captain of your own ship when it comes to investing or you work with an investment advisor, this is an excellent time to address how you are managing your portfolio. Often

investors feel the need to ignore their investments for the fear of seeing a decline in value that is hard to stomach. To the contrary, this should be the time you or your advisor should be most proactive in determining the right allocation that may benefit you no matter which direction the market may go from here. There are many investments that can be used to help protect from further market declines while staying invested in areas you feel will benefit the most from a market upturn. In managing portfolios for clients, having various asset classes in a portfolio has been a key ingredient toward achieving long term goals. It is my belief that having conviction in what you think will happen in the markets and the economy will allow you to make investment decisions today that will be of value over the next few years. How you respond to the opportunities that we have seen created can go a long way toward helping you achieve your goals over your time frame.

The current stock market decline is once again causing all of us to question many things that we see, hear, and believe. Government policy debate, Congressional bickering, and talks about another economic recession will be ongoing. Instead of spending the time to worry about what the result will be, the opportunity in this difficult time lies in your ability to proactively look at your current financial situation and plan for the future goals you have established. Despite the US debt downgrade and vast negativity that permeates the media, you have the ability to control what you can. What that means is use this time to improve the relationship you have with your own finances! A little bit of time spent – as difficult that may be – will go a long way to find the opportunity that is right in front of you today.

Past performance is no guarantee of future results.

This article was written by Steve Economopoulos, CFP[®], ChFC[®], Managing Principal, PIM Portfolio Manager in Harrisburg, PA at (717) 545-5870. The accuracy and completeness of this article are not guaranteed. The opinions expressed are those of the author and are not necessarily those of Wells Fargo Advisors Financial Network or its affiliates. The material is distributed solely for informational purposes and is not a solicitation or an offer to buy any security or instrument to participate in any trading strategy.

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