

# Managing Your Investments



## Who is making your investment decisions?

Financial markets have become increasingly complex in recent years. Global forces now influence the fortunes of even domestic companies. New investment vehicles have emerged. Inflation, interest rates, commodity prices and geopolitical events can send markets soaring or plummeting in short periods of time.

The question is whether you are still comfortable with making your own decisions in this environment or whether you might consider relinquishing that responsibility to professionals whose involvement in the markets is full-time.

**“Don’t put all your eggs in one basket,” is a cardinal rule of investing.**

## Have you already hired discretionary investment managers?

You have if you’ve participated in any of the following:

- Mutual funds
- Exchange-traded funds
- Separately managed accounts
- Variable annuities
- Variable life insurance
- 401(k) or other defined contribution retirement plans

True, you may choose which mutual fund or 401(k) investment option, but once you do, you give a portfolio manager the authority to make buy and sell decisions. Perhaps now is the time to ask yourself whether it might make sense to take the additional step of working with us to:

### Create a customized asset allocation

Asset allocation is simply the amount of your overall assets that you decide to invest in each major asset class – stocks, bonds, cash and perhaps real estate, commodities and alternatives. According to many investment experts, it is by far the most important determinant of portfolio return, even more critical than securities selection. To formulate your asset allocation, we consider your objectives, timeframe for reaching them and risk tolerance, among other factors. The asset allocation we develop reflects those variables and is the first step in our management process.

### Diversify your portfolio

“Don’t put all your eggs in one basket,” is a cardinal rule of investing, as well as many other life pursuits. We believe that diversifying portfolios across multiple asset classes can help reduce risk, while generating potentially higher returns over time.

We also believe in further diversifying your portfolio among various investment categories – US vs. global securities, for example, or small cap vs. large cap stocks.

### Identify superior third-party managers

We conduct extensive research on hundreds of third party managers to identify those with histories of consistently solid risk-adjusted performance and organizational depth and stability. The portfolio we create on your behalf may include a variety of managers, each of whom specializes in specific areas of the market.



### **Incorporate both active and passive investment approaches**

Passive investments that track the performance of a market index can be useful, in our opinion, when participating in widely traded markets where information is readily available. We also consider these investments for their low cost and tax-efficient characteristics.

### **Rebalance your portfolio periodically**

Imagine your asset allocation is 60% stocks and 40% bonds. Now imagine that over the next year, the stock portion of your portfolio goes up by 10%. Your allocation is now 70% stocks and 30% bonds. It may seem counter-intuitive to sell what's been working in favor of what hasn't, but that's the principle behind rebalancing. We rebalance our clients' portfolios when warranted to make certain they are not assuming more or less risk than originally planned.

### **A source of ongoing counsel**

Markets change and so might your personal circumstances over time. We monitor your account on an ongoing basis to determine whether adjustments might be advisable due to prevailing market conditions or shifting priorities.

### **About NFP**

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NFP has more than 5,800 employees and global capabilities. Our expansive reach gives us access to highly rated insurers, vendors and financial institutions in the industry, while our locally based employees tailor each solution to meet our clients' needs. We've become one of the largest insurance brokerage, consulting and wealth management firms by building enduring relationships with our clients and helping them realize their goals.

### **For more information visit, [NFP.com](https://www.nfp.com)**

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