

Shaky world events weigh heavily on investors' minds

For an investor looking to grow a nest egg, or even protect it from erosion, the world can be a scary place.

From turmoil in the Middle East to rising gas and oil prices, from a continued sluggish U.S. economy to a credit crisis in Greece that threatens to erode Western Europe, headlines may send even the most staid investor running to their financial adviser for guidance.

"I had a client in recently who had been watching Fox News and (Jim) Cramer on CNBC and said he was really worried about all that was going on with Greece and these other things," said Jim Moniz, president of Northeast Wealth Management. "So we pulled up his account and looked, and we found there had been a change of about \$300 on a portfolio worth close to \$1 million."



Jim Moniz
ing.

"You have to remember that those shows are in part about entertainment. It's hard to use them as data or advice," he said. "Trying to pick individual investments in reaction to those things has been shown over the course of billions of dollars worth of trades not to be successful."

Bruce Stewart, senior vice president and New England regional director of TD Wealth Management's Private Investment Council, said that his firm is not making "any significant changes to our portfolio management approach in light of current or perceived future trends."

"We believe that building high-quality, actively managed, liquid portfolios with a conservative bent remains the right approach regardless of any short-lived events," he said. "We believe avoiding significant draw-downs in market value is more important than significantly outperforming during up markets because this means that over a full market cycle, our client portfolios may outperform."

Still, in light of global trends and other data, TD is currently overweighted to equities over fixed income, heavier in corporate bonds than government bonds, and favoring high-quality, developed economy stocks of large companies over emerging companies and economies.

Others say global events bear watching — even if only for the opportunities they create. Chris Goolgasian, vice president and senior portfolio manager at State Street Global Advisors, said two recent trends — a more global view of investment and more comfort among investors for a broader range of assets classes, including REITs and commodities such as gold — have helped soften the impacts of discrete events.

"We consider ourselves to be flexible and dynamic," he said, adding that most large portfolios for institutional investors are reviewed 10 to 14 times a year to see if assets need to be shifted. "Our view is there's a ton of

headline risk but that headline is often very short-term in nature. Even with economic data, you see a lumpy recovery and the market keeps extrapolating the bad data, which is short-term in nature. I think some of it is due to the memory of the credit crisis. Everyone is still expecting the other shoe to drop again."

Investors "can't miss, not hear or ignore" all the noise around global events, said Stephen Fusi, senior wealth and investment advisor at New Wealth Advisors in Tewksbury. "The way I try to steer the discussion as best I can is to focus on income," he said.

He also counsels clients to have means of obtaining cash so that they're not forced to sell assets when the market is down.

"Greece, the Middle East unrest — this is part of the new norm," he said. "You sort of have to work around it. But at the same time, uncertainty means opportunity."

Dan Curtin, executive director and senior investor at J.P. Morgan Private Bank in Boston, said that although many who were close to the point where they needed their portfolios to provide income suffered grave losses, longer-term investors only need to look back as far as 2008 and the fallout from the U.S. credit crisis to see that sticking by investments pays off.

"If they stuck it out, most portfolios were able to come back," Curtin said, though some investors who were close to retirement age did find themselves at a loss. "That also serves as a good reminder to advisors to be very clear with clients what the risks are."