



Maintaining Our Balance

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For many investors, more time and effort go into choosing the individual investments in their portfolio than determining the overall allocation among asset types and market sectors. A number of studies (Brinson, Ibbotson among others) have shown that allocation is a greater contributor to overall return than the selection of individual investments. What this means is that the allocation of investments between stocks, bonds, or other alternatives plays a bigger role in reaching goals than the specifics within those asset sleeves. Certainly, exceptions can be cited of individual investments that make an outsized contribution to returns, but the exception makes the rule. Over time, risk and a return consistent with that risk depends on the allocation.

When selecting a portfolio composition, the first thing we focus on is the desired level of risk. Risk and expected return are related, so having an understanding of the risk you are taking and how that fits into your return goals may be the most critical factor in your planning. This is determined, and maintained, by allocation. Pulling all this together is one area where working with an advisor can be very beneficial.

A critical activity to maintaining the desired allocation is a disciplined approach to rebalancing. Rebalancing is the practice of bringing a portfolio back to a target allocation after drifting due to market movements. Our practice is to rebalance approximately quarterly, although others may follow different strategies.

In rebalancing, portions of positions that have gone up, and therefore increased as a percentage of the portfolio, are sold and those that have gone down, and decreased as a percentage, are purchased. A disciplined approach to this overcomes the human tendency to hold onto winners and shy away from those that have declined. As the saying goes, ideally, we want to "buy low and sell high". When you think about rebalancing, that is what is accomplished on a regular basis via rebalancing.

As markets move, causing allocation to drift, we can find ourselves with a portfolio exhibiting a much different level of risk than intended. Rebalancing brings us back to the intended allocation, maintaining intended risk and typically smoothing volatility as well. We all want a smoother ride toward our goals.

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Client: Fortitude Capital Management
Size: 1/4
Location: Sponsorship

REAL ESTATE RESOURCE

This is your neighborhood Real Estate Resource page. This information can be useful when trying to compare property values or for just keeping a pulse on the real estate market in our area. For questions regarding the properties listed, or about real estate in general, consult a real estate professional.

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Address	List Price	Sale Price	DOM	Beds	Baths	SqFt	Style
234 Cumnor Ave	\$575,000	\$600,000	4	4	1.1	1,196	1 Story
350 S Lambert Rd	\$600,000	\$625,000	4	4	3.1	3,029	1.5 Story
409 Cottage Ave	\$550,000	\$625,000	5	3	2	1,359	1 Story
558 Coolidge Ave	\$629,900	\$629,900	7	4	2.2	3,120	2 Stories
254 Spring Ave	\$699,900	\$675,000	46	3	2	2,051	1 Story
318 May Ave	\$675,000	\$727,000	3	4	2.1	2,098	3 Story
ON258 Cumnor St	\$900,000	\$850,000	33	4	4	2,142	2 Story
1N605 Glenrise Ave	\$800,000	\$850,000	5	4	2.1	2,750	2 Story
744 Kenilworth Ave	\$899,000	\$899,000	8	5	3	2,482	3 Story
2s527 Danbury Dr	\$795,000	\$900,000	5	4	4.1	3,120	2 Story
23w345 Saint Charles Rd	\$950,000	\$900,000	52	4	4.1	5,113	2 Story
702 N Kenilworth Ave	\$1,250,000	\$1,060,000	206	3	2.1	2,880	1 Story
1035 Crescent Blvd	\$1,100,000	\$1,100,000	4	4	3.1	3,321	1 Story
73 Brandon Ave	\$1,299,999	\$1,250,000	6	4	3.1	3,115	2 Story
569 Prairie Ave	\$1,200,000	\$1,311,000	6	4	2.1	3,007	2 Story
600 Forest Ave	\$1,350,000	\$1,315,000	13	3	3.1	3,252	1 Story
345 Scott Ave	\$1,535,000	\$1,535,000	10	4	4.1	3,953	2 Story
439 Bryant Ave	\$1,699,000	\$1,650,000	17	5	4.2	4,231	2 Story
617 Forest Ave	\$1,675,000	\$1,910,000	4	5	3	6,224	2 Story
345 Oak St	\$2,280,000	\$2,200,000	13	4	4.1	5,488	3 Story

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