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Time speeds by quickly, seemingly by design. Fashion Week is again in full swing, and the Fall 2013 collections feature deep, rich colors and sleek lines. Some things never go out of style, such as the basics of building a great portfolio. Attached is a copy of an article I wrote during Fashion Week for this Spring, enjoy!

Mercedes-Benz Fashion Week, highlighting designs for Spring 2013, is in full swing in New York. The colors and styles of the clothing, the beauty of the models, and the unique personalities of the designers represent a sensory explosion of diversity. There is something to glean from this event for both beginning and advanced investors.



The Closet:

My closet has way too many pairs of jeans, a good balance of fun casual and conservative business attire, and too few pairs of shoes. Just like our clothing, over time, most of us tend to become collectors of different investments. It can creep up on you and before you know it you have amassed a good portfolio, but you may be missing some key essentials. If you started from scratch today and rebuilt your entire portfolio, how would you structure and form your investment mix? You probably are holding at least a few mistake investments, and some that are sentimental favorites that no longer serve you well. You do not necessarily need a lot of different investments, just the right ones, and ones that work well together. Just think, by starting fresh you would have the opportunity to re-invent your portfolio. The top portfolio managers in the country might have slightly differing opinions about which essentials should be a part of every portfolio but here is a short list:

The Classics:

- If you are just getting started, consider balanced mutual funds and low-minimum certificates of deposit
- Basket of dividend paying-large cap stocks
- Actively managed small cap and international mutual funds

Accessories:

- Short-Intermediate term bond ladder of AA/AAA GO municipal bonds (essential purpose revenue bonds for larger or complex portfolios)
- For longer term dollars, build in core classics as above, then blend growth stocks of great brands/cutting edge companies (take advantage of lower capital gains tax)
- For very high-net worth individuals, consider selling covered calls against large stock positions to generate extra income
- Private funds for SEC Accredited Investors

One of my favorite aspects of investing is that you can take a customized approaches, just as you can in building a wardrobe. South Carolina municipal bonds are good for South Carolina residents, while residents of other states can find local issuers in their area. Start by sticking to some core basics, and then have a blast accessorizing. Coco Chanel said “A girl should be two things: classy and fabulous.” Make your portfolio both classy and fabulous and “invest right, live right!”

Questions? E-mail Kathryn at kschwartz@PawleysAdvisors.com

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