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AFTER A STRONG 2009, SHOULD INVESTORS BE WORRIED?

ESSENTIAL QUESTIONS FOR YOUR FINANCIAL ADVISOR

THE RISE AND FALL OF WALL STREET'S MATH GENIUSES

GILT GROUPE'S KEVIN RYAN TAKES LUXURY ONLINE

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Los Angeles, CA | Leading Wealth Advisor
Signature Estate & Investment Advisors LLC
Vince A. DiLeva, MS, CFP®, CMFC, Senior Partner

"What investing strategy will reduce the risk in my portfolio?"

By Vince A. DiLeva

Our belief is that you should consider all types of asset classes and strategies to create a true reduction of risk in your portfolio. When considering diversification, ask yourself several questions:

Is your portfolio really diversified?
Too often investors think if they own a multitude of different stocks, bonds and mutual funds in a portfolio, they are diversified.

Look at the fallout of 2008 and the recovery of 2009. If you created a good balance and structured your portfolio based on where we were in the economic cycle, you helped protect your portfolio from the downside. For example, partnerships did well in 2009. Managed futures did very well even in 2008. Commodities are now showing signs of a good recovery, and equities and fixed income are doing well. This means that portfolio diversification tied more to alternative strategies and less to the stock market may be part of a valid strategy.

Did you manage risk and diversify based on what you knew could happen, or what you hoped would happen?
Just as there will always be healthy growth phases in the markets, there will always be downturns and recessions. And each one will be different. As the economy goes through its different phases—expansion, peak, contraction, troughs—your holdings need rebalancing. Some stocks and asset classes will do better in the expansion phase while others will do well during a contraction. To minimize risk, the diversification in your portfolio must reflect that reality.

Are you investing at a risk level that you—and your advisor—are comfortable with?
While a truly diversified portfolio is structured to deal with economic realities, it should have a risk level that you are comfortable with. By examining your goals and what makes you uncomfortable in markets, you will determine what investment model suits you best.

Are you a high net worth investor who is not interested in doubling your holdings but who has preservation in mind?
You may be comfortable with, say, a 20 percent exposure to equities, combined with stocks and bonds, fixed income, partnerships, managed futures, long and short strategies, etc. Or are you game for an aggressive model, with just 10 percent in fixed income and 90 percent in equities that might include emerging markets and, perhaps, option strategies—in short, high-risk investments?

Neither approach is right or wrong, they are just diverse in different ways. It is up to you, with the help of your advisor, to determine which approach matches your comfort level and then to stick with it no matter what temptations the next bubble presents.

MEASURING YOUR EMOTIONAL ATTACHMENT TO MONEY

I do a seminar on the human emotion of wealth, and I have found that most investors, particularly those who created their fortunes, are emotional about their money. Determining *how* emotional people are about their money is one way to measure their comfort level when it comes to risk. Here is how I make that determination:

For some reason, when it comes to investing, people always look at percentages. But an interesting thing happens when you present loss not as a percentage but rather quantify it in actual dollars. For example, I might ask an investor with a million dollars, "If you lose 10 percent, will it bother you?" and the person may answer, "No, 10 percent won't bother me." But if I ask, "What if you lose $100,000, will that bother you?" the person starts to get nervous and uncomfortable. Working in dollars and not percentages reveals an investor's true emotional attachment to wealth—and what level of risk will be uncomfortable.

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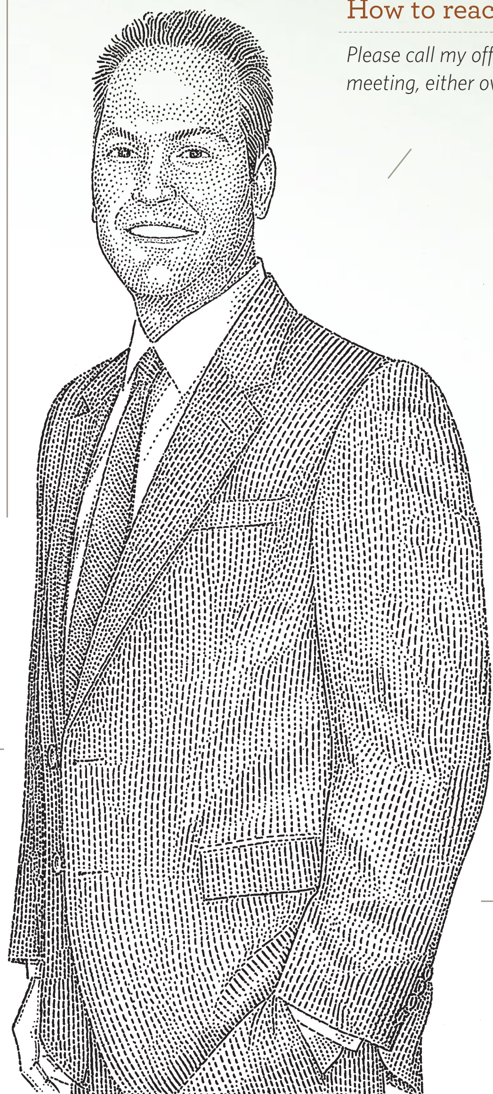
> – Vince A. DiLeva



How to reach Vince A. DiLeva

Please call my office at 310.712.2320 to schedule a meeting, either over the telephone or face to face.

WHAT’S ON MY DESK...

Pictures of my daughters, wife and dog; investment analyses; computer and phone

I NEVER LEAVE HOME WITHOUT...

My BlackBerry, watch and sunglasses

MY HOBBIES ARE...

Spending time with family, surfing, working out and golf

About Vince A. DiLeva

Vince A. DiLeva has been in the financial services industry for 15 years. He joined Signature Estate & Investment Advisors LLC in 1997 as the firm was opening its doors. In less than 10 years, SEIA reached its $1 billion in assets under management milestone, and the following year, Mr. DiLeva was named a senior partner. Mr. DiLeva is a Certified Financial Planner™ professional and holds a master of science in financial services. He specializes in investment management and overall wealth management strategies for affluent individuals and corporations. Mr. DiLeva lives in Redondo Beach, Calif., with his wife and two daughters.

Assets Under Management	$220 million
Minimum Fee for Initial Meeting	None required
Minimum Net Worth Requirement	$500,000 (for investment services)
Largest Client Net Worth	$60 million
Financial Services Experience	15 years
Compensation Method	Asset-based and fixed fees
Primary Custodian for Investor Assets	Charles Schwab and Fidelity
Professional Services Provided	Planning and investment advisory services
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