



# PERSPECTIVE

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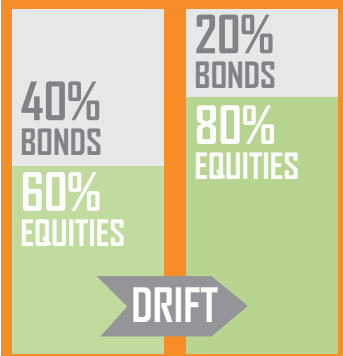
## Rebalance Your Portfolio to Help Stay on Track

### Rebalancing Helps Avoid Portfolio Drift

Investors who don't use a rebalancing strategy can veer off course from the mix they initially chose. This is called portfolio drift, which can lead to a different balance of risk and return in your portfolio.

#### PORTFOLIO DRIFT

Can have unintended effects if left unchecked.



For example, stocks generally rise quicker than bonds. If your original allocation was 60% equities/40% bonds, you could end up with 80% equities/20% in bonds after some time passes.

*Portfolios are rebalanced by buying and selling securities that have changed values in order to restore their original proportions in a portfolio. Rebalancing may result in a taxable event.*

Just last month the markets experienced two spikes in one week that caused concern for many investors. Until then, market volatility hadn't been a factor, and happy investors enjoyed many months of favorable returns.

While no one knows if February's spikes are an indication of what's to come, it is worth a conversation with your financial advisor to see if your portfolio could benefit from rebalancing. Periodic rebalancing may be one of the best ways to keep your investment strategy on track after the market surges we've experienced in recent years. Rebalancing can help ensure that:

- » Your portfolio remains consistent with the risk you're willing to take
- » You lock in some recent gains
- » You maintain your investment discipline and avoid emotion-driven decision making

### IT'S IMPORTANT TO MAINTAIN YOUR ASSET ALLOCATION STRATEGY

When you first began working with a financial advisor, you probably spent a fair amount of time talking about your investment goals, time frame and risk tolerance. Then you chose an

appropriate asset allocation strategy. In order to keep your asset allocation strategy intact, it's essential that you rebalance your portfolio from time-to-time because the performance of different asset classes varies.

For example, imagine that you choose a moderate risk asset allocation, investing 60 percent in stocks and 40 percent in bonds. Over the course of one fictional year, stocks outperformed bonds. At the end of the year, your portfolio is more heavily invested in stocks than you originally intended. To restore your asset allocation, you may need to sell some of the stocks that performed well and invest the proceeds in bonds, which have not performed well.

Rebalancing may occur as frequently as you and your advisor determines is necessary and appropriate. Contact us if you would like to discuss the various measures for evaluating the need for rebalancing, as well as the frequency with which rebalancing should occur. We'll be glad to help you determine what your portfolio may need to help ensure you stay on track with your investment goals. ◀

*Asset allocation does not guarantee a profit or protect against loss. There is no assurance that the techniques and strategies discussed are suitable for all investors or will yield positive outcomes.*

## Should You Trust the Cloud?



There's no doubt that storing files on the cloud is a convenient way to save room on your computer. But is it safe?

If you use web-based services like Gmail, Yahoo! Mail, Dropbox or Google Photos, you're already using the cloud. In fact, it's hard to find an internet user who doesn't have some information stored on the cloud.

The bottom line is that we have to trust something with our information, and it looks like the cloud concept is here to stay, at least for a while. Here are a few safety features to look for in a cloud provider:

- » **Multifactor authentication.** This extra layer of protection helps make your login process more secure because it provides a second form of identification in addition to your password, such as a passcode delivered to your smartphone.<sup>1</sup>
- » **Use an encrypted cloud service.** Check the beginning of the URL you visit to access your cloud. If you see https://, all of your information will be encrypted in transit between you and the cloud so an attacker trying to intercept information won't be able to see it. If it begins with http:// without an "s", your information could be compromised.<sup>2</sup>
- » **Other security measures.** Look for firewalls, anti-virus detection and routine security audits. Also check the customer support services, which should be available 24/7.<sup>3</sup> ◀

<sup>1</sup> [www.commonwealth.com](http://www.commonwealth.com) *Is the Cloud Secure Enough for Me?*

<sup>2</sup> [www.cio.com](http://www.cio.com) *Five Tips to Keep Your Data Secure on the Cloud.*

<sup>3</sup> [www.entrepreneur.com](http://www.entrepreneur.com) *10 Questions to Ask When Choosing a Cloud Provider.*

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