# ECO(nomic) AWARENESS

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**APRIL IS AN ECO-AWARENESS MONTH.** Eco-awareness is an "awareness of environmental issues." Naturally, in communities where this article runs, from Pacific Palisades to Malibu, from Lake Sherwood to Agoura Hills, residents and business owners alike exhibit great care in how they treat and care for our environment. They do so because the ramifications have a meaningful impact on our beaches and ocean, property values, and desirability to live and work in the places we call home. Similarly, the effort required to keep an environment like your community clean and free-of-harm is necessary to keep an investment portfolio as "clean" and as free-of-harm as possible.

However, this takes effort. Positions in assets such as inherited stocks and Beneficiary IRA's can sometimes clutter your portfolio because the investments may not be suitable for you to own. After all, you are a different investor with a potentially different risk tolerance, tax circumstance, time horizon, or financial goals. How about positions you have owned that haven't produced sufficient returns? We have been in a robust expansionary market cycle, and if you have investments that haven't yielded similar rewards, yet have congruent equity risk, then that is a red flag indicating they likely merit review. Whether logical or not, investors will sometimes continue to own a losing position simply because they are waiting for it to achieve the price they paid for it. Meanwhile, other investment alternatives exist that may generate a potentially better outcome.

There is also the problem of owning fragmented positions. These positions typically represent a small percentage of your total portfolio, and you may even wonder how you came to own them.  An example might be stock spinoffs; like Lucent Technologies' spinoff of Avaya in the year 2000 (think back to the dot-com bubble) or Verizon spinning off Frontier (now a Malibu internet provider). Positions that you came to own for no reason other than they were deposited to your portfolio based on corporate restructuring are a great place to look to tighten up. Often, those spinoffs might not reflect enough value to impact the portfolio substantially. Even if, for example, they were to double in value, they may still not represent enough to make a meaningful difference. This leads to obtaining benefits in a conscientious decision-making process. If you like a position, own enough for it to be significant, usually 5% to 15% of your portfolio. If it is less than 5%, ask yourself if you are comfortable buying more to make it represent 5%. If the answer is no, then maybe it is not a position you should own at all.

Not that many years ago Malibu grocery stores offered plastic bags at checkout. Now, you have trained yourself to carry your own reusable bags. Even in recent weeks, Malibu City Council banned plastic straws and utensils. If we are in an environment of hyper-awareness, let it benefit you in more ways than your physical environment. Take this opportunity to tune in and make sure you have a portfolio that is sustainable if the market were to decline, one that's eco-friendly, or unlikely to cause undue economic harm. A state of awareness and conscientiousness can be of great value, not just for your community, but within your household too—in fact, within your eco(nomic) household.

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