STEELPEAK
WEALTH MANAGEMENT

MONTHLY NEWSLETTER

www.steelpeakwealth.com Published: Monthly Edition: May 2018

CONTENTS

With the new day comes new strength and new thoughts.

-Eleanor Roosevelt

Adjusting Your Portfolio as You Age

As you approach retirement, it may be time to pay more attention to investment risk.

If you are an experienced investor, you have probably fine-tuned your portfolio through the years in response to market cycles or in pursuit of a better return. As you approach or enter retirement, is another adjustment necessary?

Some investors may think they can approach retirement without looking at their portfolios. Their investment allocations may be little changed from what they were 10 or 15 years ago. Because of that inattention (and this long bull market), their invested assets may be exposed to more risk than they would like.

Rebalancing your portfolio with your time horizon in mind is only practical. Consider the nature of equity investments: they lose or gain value according to the market climate, which at times may be fear driven. The larger your equities position, the larger your losses could be in a bear market or market disruption. If this kind of calamity happens when you are newly retired or two or three years away from retiring, your portfolio could be hit hard if you are holding too much stock. What if it takes you several years to recoup your losses? Would those losses force you to compromise your retirement dreams?

As certain asset classes outperform others over time, a portfolio can veer off course. The asset classes achieving the better returns come to represent a greater percentage of the portfolio assets. The intended asset allocations are thrown out of alignment.[1]

Just how much of your portfolio is held in equities today? Could the amount be 70%, 75%, 80%? It might be, given the way stocks have performed in this decade. As a StreetAuthority comparison notes, a hypothetical portfolio weighted 50/50 in equities and fixed-income investments at the end of February 2009 would have been weighted 74/26 in favor of stocks by the end of February 2018.[1]

Ideally, you reduce your risk exposure with time. With that objective in mind, you regularly rebalance your portfolio to maintain or revise its allocations. You also may want to apportion your portfolio, so that you have some cash for distributions once you are retired.

Rebalancing could be a good idea for other reasons. Perhaps you want to try and stay away from market sectors that seem overvalued. Or, perhaps you want to find opportunities. Maybe an asset class or sector is doing well and is underrepresented in your investment mix. Alternately, you may want to revise your portfolio in view of income or capital gains taxes.

Rebalancing is not about chasing the return, but reducing volatility. The goal is to manage risk exposure, and with less risk, there may be less potential for a great return. When you reach a certain age, though, "playing defense" with your invested assets becomes a priority.

Important Consumer Disclosure

Steel Peak Wealth Management, LLC (“Steel Peak”) is an SEC registered investment adviser with its principal place of business in Woodland Hills, California. Steel Peak and its representatives are in compliance with the current registration requirements imposed upon registered investment advisers by those states in which Steel Peak maintains clients. Steel Peak may only transact business in those states in which it is registered, or qualifies for an exemption or exclusion from registration requirements. This newsletter is limited to the dissemination of general information pertaining to its investment advisory/management services. Any subsequent, direct communication by Steel Peak with a prospective client shall be conducted by a representative that is either registered or qualifies for an exemption or exclusion from registration in the state where the prospective client resides. For information pertaining to the registration status of Steel Peak, please contact Steel Peak or refer to the Investment Adviser Public Disclosure web site (www.adviserinfo.sec.gov).

This newsletter is provided for informational and educational purposes only and contains information that is not suitable for everyone. There is no guarantee that the views and opinions expressed in this newsletter will come to pass. Additionally, this article contains information derived from third party sources. Although we believe these third party sources to be reliable, we make no representations as to the accuracy or completeness of any information prepared by any unaffiliated third party incorporated herein, and take no responsibility therefore. This article should not be regarded as a complete analysis of the subjects discussed. All information and expressions of opinion reflect the judgment of the authors as of the date of publication and are subject to change without prior notice.

Steel Peak is not licensed to and does not engage in the practice of rendering legal or tax advice. Any discussion of either is for informational purposes only and you are strongly encouraged to seek appropriate counsel prior to taking action. The information contained herein should not be construed as personalized financial or investment advice. We are not licensed to and do not engage in the practice of rendering legal or tax advice. Any discussion of either is for informational purposes only. We strongly encourage our clients to seek appropriate counsel prior to taking action.

Steel Peak Wealth Management has selected Charles Schwab & Co., Inc and TD Ameritrade, Inc., as primary custodians for our clients’ accounts. Schwab Advisor Services and TD Ameritrade Institutional serve independent investment advisory firms like ours which includes the custody, trading and support services of Charles Schwab & Co., Inc. and TD Ameritrade, Inc. As a registered broker-dealer and a member of the Securities Investor Protection Corporation (SIPC), Charles Schwab and TD Ameritrade are subject to certain regulations intended to protect assets held in brokerage accounts maintained at Charles Schwab and TD Ameritrade. Steel Peak is not affiliated with Charles Schwab or TD Ameritrade.

For additional information about Steel Peak, including fees and services, send for our disclosure statement as set forth on Form ADV from Steel Peak using the contact information herein. Please read the disclosure statement carefully before you invest or send money.

Citations.

1 - nasdaq.com/article/how-to-prepare-your-income-portfolio-for-volatility-cm939499 [3/26/18]