

Wealth Management & Investment Management

Stocks and Investment Issues

Buy, Growth, History

Hold, Sell, and more

Portfolio Management

What Does *Portfolio Management* Mean?

The art and science of making decisions about investment mix and policy, matching [investments](#) to objectives, asset allocation for individuals and institutions, and balancing risk against performance.

Portfolio management is all about strengths, weaknesses, opportunities and threats in the choice of debt vs. equity, domestic vs. international, growth vs. safety, and many other tradeoffs encountered in the attempt to maximize return at a given appetite for [risk](#).

<http://www.investopedia.com/terms/p/portfoliomanagement.asp>

Portfolio Issues

- What to Buy
- When to Buy
- How Much
- How does it related to other stocks or securities
- Where is it traded
- Is it Liquid enough
- Dividends, Interested etc

How Many Stocks

How many stocks or positions do you want?

- Do you want all Blue Chip
- Do you want all Growth?
- Some ALL Dividend portfolios are great
- Mid Cap
- Small Cap

Blue Chips

- **What Does *Blue-Chip Stock* Mean?**

Stock of a well-established and financially sound company that has demonstrated its ability to pay dividends in both good and bad times.

- **Investopedia explains *Blue-Chip Stock***

These stocks are usually less risky than other stocks. The stock price of a blue chip usually closely follows the S&P 500.

Big Dividends

Here are some ideas of stocks with a good current and projected dividend yield that also have a strong history of growing earnings and dividends: Company Ticker Dividend Yield

- **Kimberly-Clark** [KMB](#) 4.26%
- **Abbott Laboratories** [ABT](#) 3.66%
- **Johnson & Johnson** [JNJ](#) 3.44%
- **Intel Corporation** [INTC](#) 3.35%
- **Northeast Utilities** [NU](#) 3.22%
- **Procter & Gamble** [PG](#) 3.03%
- **Coca-Cola** [KO](#) 2.75% *data as of December 15, 2010*

Down Side of Holding

- What is the down side of a big dividend stock?
 - Miss Growth
 - Loss of Gains
 - Quarterly Dividends
-
- What about a growth stock that has met its high? How do you know?

Fixed Income

FI *Fixed Income*

Individuals who live on set amounts of periodically paid [income](#) face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk. The most common type of fixed-income security is the bond; bonds are issued by federal governments, local municipalities or major corporations.

- Also can be: Equities that produce income, REITS, High Yield Bonds, ETFs that represent bonds or debt and so forth.
- <http://www.investopedia.com/articles/bonds/07/fiportfolio.asp#axzz1RQHnkz00>

ETFs and Choice

ETFs can allow you to:

- Invest in other countries
- Invest in special sectors such as Tech or Energy
- Commodities
- Currencies
- Fixed Income
- Bonds

ETF

- **Buying and Selling ETFs Can Be Good for the Small Investor**

ETFs enjoy continuous pricing; they can be bought and sold on a stock exchange throughout the trading day. Because ETFs trade like stocks, you can place orders just like with individual stocks - such as [limit orders](#), good-until-canceled orders, [stop loss orders](#) etc. They can also be sold short. Traditional mutual [funds](#) are bought and redeemed based on their [net asset values](#) (NAV) at the end of the day. ETFs are bought and sold at the market prices on the exchanges, which resemble the underlying NAV but are independent of it. However, arbitrageurs will ensure that ETF [prices](#) are kept very close to the NAV of the underlying securities.

Read more: <http://www.investopedia.com/university/exchange-traded-fund/etf2.asp#ixzz1RQIUZLoP>

ETF Benefits

- Capture Dividends
- Transparent
- Lower Fees
- Leverage
- Focus
- Liquidity
- Tax Efficiency with lower cap gain issues
- <http://www.investopedia.com/university/exchange-traded-fund/etf2.asp#axzz1RQHnkz00>

ETFs and Diversify

- **Currency ETFs**

Currency ETFs are designed to track the movement of a currency in the exchange market. The underlying investments in a currency ETF will be either foreign cash deposits or futures contracts. ETFs based on futures will [invest](#) the excess cash in high-quality bonds, typically U.S. [Treasury bonds](#). The management fee is deducted from the interest earned on the bonds. (To learn more, read [Profit From Forex With Currency ETFs](#) and [Currency ETFs Simplify Forex Trades](#).)

Several choices of currency ETFs are available in the marketplace. An investor can purchase ETFs that track individual currencies such as the Swiss franc, the euro, the Japanese yen or a basket of currencies. However, currency ETFs should not be considered a [long-term investment](#); investors who are looking to diversify their U.S. dollar assets are generally better off investing in foreign stock or [bond ETFs](#). However, currency ETFs can [help](#) investors to [hedge](#) their exposure to foreign currencies.

Examples of currency ETFs include:

PowerShares DB U.S. Dollar Bullish [Fund](#) (AMEX:[UUP](#))

- PowerShares DB U.S. Dollar Bearish Fund (AMEX:[UDN](#))

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Read more: <http://www.investopedia.com/university/exchange-traded-fund/etf8.asp#ixzz1RQHwRHDW>

Chart of Stock – REDF Rediff.com India Limited (Rediff) along with its subsidiaries, is engaged in business of providing online Internet based services, focusing on India and the global Indian community.



SINA - SINA Corporation (SINA) is an online media company and MVAS provider in the People's Republic of China (PRC) and the global Chinese communities ■



Buy, Hold Sell?



AOL



DeVry



Microsoft



NASDAQ and BULL/BEAR



Correlation



Stay In Cash? Or Invest

- Lose out on markets
- However People go to cash when they see a down trend
- Buy Gold?
- Buy Other Currency
- Buy ETFs that are defensive or offensive?
- Buy Great companies that you do business with.

Portfolio Types

1. Aggressive
2. Income
3. Defensive
4. Speculative Gamble
5. Hybrid – Real estate, commodities, art
6. <http://www.investopedia.com/articles/basics/11/5-popular-portfolio-types.asp#axzz1RQHnkz00>

Before you Buy

- What price will you buy
- What price will you sell
- What price will you sell half?
- Will you implement a stop sell?
- Would you consider writing calls?

Channeling and Dividends Down?



Analysis

- **Technical Analysis**

Picking peaks, bottoms, trends, patterns, and more. Lets look at some basic and successful methods using technical analysis.

- **Fundamental Analysis**

A tour through the financial statements as well as how to use 20 common performance ratios.

The Numbers

- The biggest part of fundamental analysis involves delving into the financial statements. Also known as quantitative analysis, this involves looking at revenue, expenses, assets, liabilities and all the other financial aspects of a company. Fundamental analysts look at this information to gain insight on a company's future performance. It is best also to learn about the balance sheet, income statement, cash flow statement and how they all fit together. See Class Materials

Read more:

<http://www.investopedia.com/university/fundamentalanalysis/#ixzz1RR9tiDHr>

More than numbers

- Numbers come from SEC 10K 10Q statements i.e. public information about profits losses etc.

What else is there?

New Products

Products losing protection

Laws and Regulation

Country Risk

Interest Rates

Taxation of Industry

And on and on.....

What Else

- Consumer Spending
- Jobs Data
- Inflation
- Prices
- Oil and Gas Prices
- World Uncertainty and War
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What do you do?

- We must find ways to invest
- We must diversify
- Stock Markets represent the greatest companies in the world.
- The system is fairly safe
- The other exchanges around the world are becoming more and more advanced.
- There will be consolidation of exchanges into bigger faster ...
- Admin and technology continue to increase.

End of Class

Thanks for being here.

Sincerely and Kindest Regards, George

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References

- <http://www.investopedia.com/terms/b/bluechipstock.asp>