

UNDERSTANDING RISKS OF THE ROAD

How fast is your stock portfolio?

In the world of investing, financial advisors generally talk about risk by using pie charts and some fancy terms like “standard deviation.” At Valley Wealth, Inc., we have devised a much simpler way for all investors to intuitively understand the risk and return they are seeking. We have created Stock Limit™ Portfolios using the familiar imagery of speed limit signs.



This is the most conservative model portfolio we offer. It is designed for clients most concerned with preserving their principle and keeping up with inflation. The “25” refers to the amount of the portfolio that would be invested in equities (aka, the Stock Market). This is an excellent alternative to those investors that prefer Certificates of Deposit (CDs) – our portfolio is not insured, but we hope to earn a better rate of return than a 1 Year CD, while taking the least amount of risk possible. Portfolio is designed for investors with a short time horizon, as losses year-over-year would be rare in the Stock Limit™ 25.*



This is a moderately conservative portfolio that is one notch higher in risk than the Stock Limit™ 25. It is designed for our clients that want to take a modest amount of income from the portfolio, while keeping their purchasing power. The volatility with the Stock Limit™ 45 will be greater than in the Stock Limit™ 25, because this portfolio has about 45% of its assets invested in equities (aka, the Stock Market). Losses year-over-year would be seldom in the Stock Limit™ 45.*



This is a moderate risk, balanced portfolio that is one notch higher in risk than the Stock Limit™ 45. It is designed for clients that want to take income from the portfolio and still grow their bottom line asset level. The volatility with the Stock Limit™ 65 will be greater than in the Stock Limit™ 45, because this portfolio has about 65% of its assets invested in equities (aka, the Stock Market). Losses year-over-year would occur occasionally in the Stock Limit™ 65.*



This is a moderately aggressive portfolio that is one notch higher in risk than the Stock Limit™ 65. It is designed for clients that want to grow their wealth and do not have a need for current portfolio income. The volatility with the Stock Limit™ 85 will be greater than in the Stock Limit™ 65, because this portfolio has about 85% of its assets invested in equities (aka, the Stock Market). Losses year-over-year would occur more frequently than in the Stock Limit™ 65.*



This is an aggressive portfolio and is one notch higher in risk than the Stock Limit™ 85. It is designed for clients that want to aggressively grow their wealth and have a high tolerance for risk. The volatility with the Stock Limit™ 100 will be greater than in the Stock Limit™ 85, because this portfolio has 100% of its assets invested in equities (aka, the Stock Market). Losses year-over-year would occur more frequently than in the Stock Limit™ 85.*



This is our most aggressive tactical portfolio and is one notch higher in risk than the Stock Limit™ 100. It is designed for clients that want to use leverage and other advanced techniques to aggressively grow their wealth. Choosing this portfolio means that you have a very high risk tolerance and can withstand great volatility on a yearly basis. The volatility in the Stock Limit™ 120 will be greater than in the Stock Limit™ 100, because through leverage this portfolio exposes 120% of its assets to equities (aka, the Stock Market). Losses year-over-year, including in consecutive years, could occur often.*

*Return and risk assumptions are based on historical long-term (full market cycle) models with data provided by Ibbotson Associates®. Ibbotson Associates® is a leading authority on asset allocation with expertise in capital market expectations and portfolio implementation. ALL investments involve different degrees of risk. You should be aware of your risk tolerance level and financial situation at all times. None of the above statements describing the portfolios is a guarantee for the successful performance of an investment and we are expressly prohibited from guaranteeing accounts against losses arising from market conditions. Past performance is no guarantee of future results, and current performance may be lower or higher than what is described above.