



MAKE

11 Innovators in Technology and Entertainment; Film Icon Brian Grazer Opens Up; How Autism Helps Tech

GROW

The 10 Most Important People in Fintech; Keeping Athletes from Bankruptcy; The Sports of the Future

LIVE

How IBM's Watson Can Save Your Life—and Your Children's; Eight Great Fall Weekends; New Power Suits

Worth[®]

THE EVOLUTION OF FINANCIAL INTELLIGENCE

YOUR
TECH
LIFE

THE ENTERTAINMENT & TECHNOLOGY ISSUE

WORTH.COM

37

VOLUME 24 | EDITION 04



Sterling Investment Advisors Ltd.

Timothy E. Flatley, ChFC®, President

“ How do I protect myself from being positioned incorrectly for the next market shift? ”

By Timothy E. Flatley

The recent past has had a tremendous influence on investor behavior. After the sharp losses of 2008, investors turned very conservative. But with six years of stock market gains and low volatility, investors have reversed course and become very bullish.

And now, absent any deliberate action, many investors' portfolios are more stock dominant and highly concentrated in certain sectors. Stocks are particularly heavily weighted.

Indeed, stocks have significantly outperformed bonds over the past several years. If your portfolio was 60 percent stocks and 40 percent bonds six years ago, it may now be closer to 80 percent stocks. And chances are it's heavy in technology and healthcare stocks, the significant out-performers.

As a result, Apple and biotechnology stocks now constitute a sizable chunk of many investors' portfolios.

Given these events, then, how do investors protect themselves from being positioned incorrectly for the next market shift? The answer lies in asset allocation and diversification. These two factors account for over 90 percent of a portfolio's return. Diversification of assets in your investment portfolio allows you to take advantage of several different aspects of the global market while reducing the risk associated with over-concentration. And at the heart of the portfolio,

asset allocation, as part of a deliberate investing strategy, will reflect your goals as an investor.

Want to retire in 10 years? Buy a new car? Pay for your children's education? All of these financial obstacles can be conquered with a diverse investment portfolio.

Traditionally, asset allocation consisted of investments in blue chip domestic stocks, U.S. government bonds and cash or cash equivalents. In today's investing market, however, countless more options are available to you that will allow for even greater diversification of your portfolio. Over the last several years, the explosion of mutual funds and ETFs has made the less-traditional asset classes more accessible to the average investor.

For the more risk-tolerant investor, increased exposure to developed international markets, emerging markets, small-cap and/or mid-cap stocks may now provide avenues to greater growth potential for risk-takers.

And for those with a more conservative outlook, floating rate bonds, short-duration bonds, municipals, highly rated corporate bonds and market neutral funds may be the most attractive choice, based on a history of lower volatility and increased income payments, compared to the riskier asset classes.

No matter which portfolio mix is created, you should be aware of excess

allocations to asset classes and the sectors within those broader classes. There are a number of services that specialize in providing the assistance necessary to effectively evaluate and track your investments. Essential features include the automatic aggregation of your various investment accounts and analytic technology that provides relevant information.

Quicken or Mint are two services that offer data-aggregation services, the ability to import portfolio information from a variety of accounts. Morningstar is an excellent user-friendly tool to analyze investments, whether they be mutual funds, ETFs, stocks or variable annuities. Many financial advisors also offer systems that include a comprehensive account-aggregation system that will track your various investments and create financial projections; eMoney's Wealth Management Solution is an example.

Overall, your portfolio should be reviewed several times a year either by yourself or a financial advisor. The temptation to chase returns in the hot asset classes typically leads to a buy-high, sell-low mentality and a tendency to overweight one asset class at the expense of many others. In contrast, sticking to a well-thought-out asset allocation and rebalancing plan is the strategy that will ultimately help you achieve your financial goals. 🌐

“At the heart of the portfolio, asset allocation, as part of a deliberate investing strategy, will reflect your goals as an investor.”

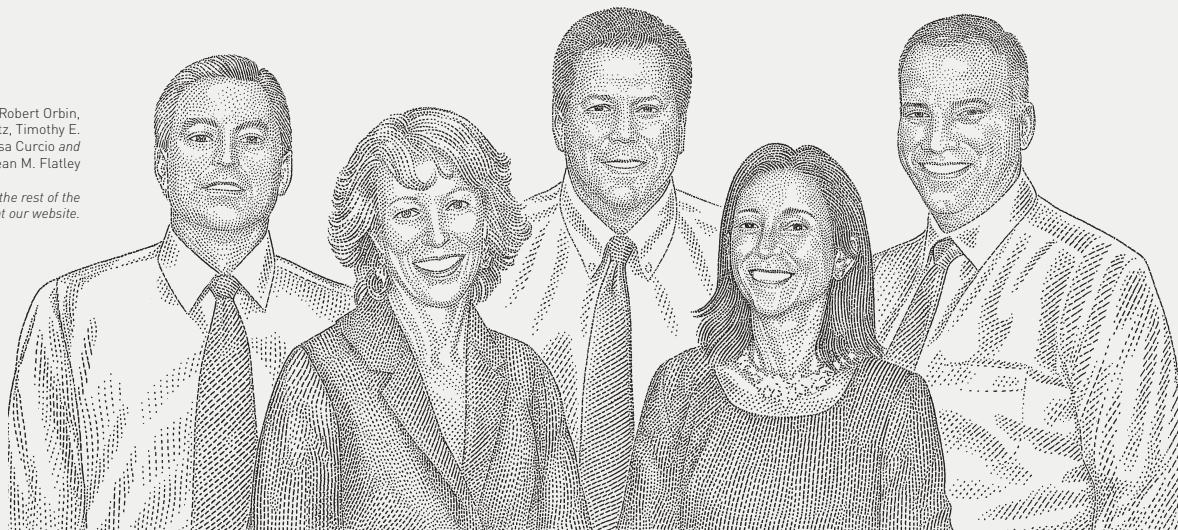
—Timothy E. Flatley

How to reach Timothy E. Flatley

We have offices in both Berwyn and Wilkes-Barre, Pa. Please contact me at 610.560.0400.

Left to right: Robert Orbin, Michelle Smaltz, Timothy E. Flatley, Lisa Curcio and Sean M. Flatley

Check out the rest of the Sterling team at our website.



About Sterling Investment Advisors Ltd.

Sterling Investment Advisors recognizes that every situation—educating children, building retirement wealth, insuring against loss, reducing taxes, planning estates, setting up trusts, etc.—brings its own complexities. The objective of the firm’s team concept is to help clients develop a support group of professionals to delegate the management of these issues. Sterling Investment Advisors, an independent wealth management firm, is recognized as one of the Top 10 Independent Investment Advisors in Philadelphia by *Barron’s* WCO. The firm was named three times to the Philadelphia 100, honoring “the fastest-growing privately held entrepreneurial companies in the Philadelphia region”; has 30 years of investment experience with an independent orientation; and utilizes proprietary trading strategies, with assets held at Charles Schwab. Please visit Sterling Investment Advisors’ website at www.sterling-advisors.com and view the exclusive welcome letter for Worth magazine readers.

Assets Under Management
Available on request

Other Assets
\$200 million (corporate retirement plans)

Minimum Fee for Initial Meeting
None required

Minimum Net Worth Requirement
\$1 million

Financial Services Experience
30 years

Compensation Method
Asset-based, fixed and hourly fees

Primary Custodian for Investor Assets
Charles Schwab

Professional Services Provided
Planning, investment advisory and money management services

Association Membership
Association for Corporate Growth

Website www.sterling-advisors.com

Email flatleyt@sterling-advisors.com

ILLUSTRATION BY KEVIN SPROULS



Timothy E. Flatley, ChFC®
President

Sterling Investment Advisors Ltd.
1055 Westlakes Drive, Suite 150
Berwyn, PA 19312
Tel. 610.560.0400 | 877.430.7382

flatleyt@sterling-advisors.com
www.sterling-advisors.com

REPRINTED FROM
Worth
THE EVOLUTION OF FINANCIAL INTELLIGENCE

Sterling Investment Advisors Ltd. is featured in *Worth*® 2015 Leading Wealth Advisors™, a special section in every edition of *Worth*® magazine. All persons and firms appearing in this section have completed questionnaires, have been vetted by an advisory group following submission by *Worth*®, and thereafter paid the standard fees to *Worth*® to be featured in this section. The information contained herein is for informational purposes, and although the list of advisors presented in this section is drawn from sources believed to be reliable and independently reviewed, the accuracy or completeness of this information is not guaranteed. No person or firm listed in this section should be construed as an endorsement by *Worth*®, and *Worth*® will not be responsible for the performance, acts or omissions of any such advisor. It should not be assumed that the past performance of any advisors featured in this special section will equal or be an indicator of future performance. *Worth*®, a Sandow Media publication, is a financial publisher and does not recommend or endorse investment, legal or tax advisors, investment strategies or particular investments. Those seeking specific investment advice should consider a qualified and licensed investment professional. *Worth*® is a registered trademark of Sandow Media LLC. See "About Us" for additional program details at <http://www.worth.com/index.php/about-worth>.