

The Day-After Aug 24th, 2015 'Black Monday'

We are all witnessing the increased volatility in the financial markets and it is natural to wonder how this may impact our wealth. While we at Millenia Asset Management International SA remain vigilant and continue to monitor market developments, we do not see a need for portfolio adjustments at this time.

In that regard, we wanted to highlight a few important aspects:

1. There is no free lunch

The reason we expect higher long-term returns on stocks and high yield bonds than on cash and US Sovereign Bonds is because they have greater volatility.

There is no free lunch in the financial markets, and we have to accept volatility in times like this in order to earn the expected higher long-term returns.

Millenia Asset Management International SA takes a strategic, long-term view on asset allocation and your portfolio is invested in a model based on your unique financial and personal circumstances.

2. Market timing does not work

Market timing is the holy grail of investing.

If one could do it consistently, the rewards would be great, but investors typically end up with sub-par performance due to the extreme difficulty of getting the timing right.

Despite much attention in the media to being tactical (i.e. market timing), we are not aware of investors who have consistently timed the markets with success.

Although this holy grail does not exist, the good news is that one does not need a crystal ball to invest with success. The benefits of a long-term, strategic view are compelling, but the higher returns associated with investing in stocks is dependent on being disciplined through both good and bad times.

3. The importance of diversification

One of the important lessons from the financial crisis is that diversification works.

While this may not be the case on a day-to-day basis, a mix of different types of assets provides a smoother and more stable ride for your portfolio.

As an example, while stocks have performed poorly in the past few weeks, most of our bond and alternative funds have provided positive returns.

The time frame is extremely short, and no one knows how the funds will perform in the next few weeks or months, but it is another testament to the benefits of diversification.

As your financial fiduciaries, we care deeply about your financial well-being, and it is in times like these that it is important to stay calm and refrain from making decisions that may be detrimental to your wealth.

In the meantime, our dedicated investment operations team will monitor for rebalancing opportunities that may add value to your portfolio.

As always, please do not hesitate to contact your advisor if you have any questions or concerns.

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