



Things You Control

Sleeker Portfolios

We have been advocates of streamlining investment portfolios: it is an important investment activity that investors have control over.

Barrons reported that a 2015 must-read is Marie Kondo's book on Zen and the art of de-cluttering, *The Life-Changing Magic of Tidying Up*. Their summary: "everything we own should have a purpose, and have a specific place to live and role to play." We agree.

Now, Institutional investors are also beginning to think along these lines. For example Calpers (the largest U.S. public pension fund) recently announced that they are planning to prune their portfolio. Their goal is to cut costs and to reduce the risk and complexity of their portfolio.

The benefits of a streamlining include: clarity of knowing what you own, less time and effort to review and monitor your investments, potentially lower expenses that come from eliminating redundant investments.

And, some things to watch out for: potential tax consequences (positive or negative); it is a research and analysis intensive effort and can be time-consuming; it can be humbling because it forces you to confront investment mistakes you may have made.

We believe that your portfolio exists to support your goals; if any investment is not contributing to that, consider eliminating it! The objective of sleeker portfolios, borrowing from Einstein, is to make your portfolio as simple as possible, but no simpler.

Why It's Important

In Investing (as in Life) we can: hope, worry or plan.

I believe that when we hope or worry, we are largely looking at the future and are focused on things we **do not** control. We hope the markets will get higher and we will make money. Or we worry that markets will collapse and we may lose all our money. And yet, deep down in our hearts, we know that whether our thoughts are optimistic or pessimistic they simply do not influence future outcomes.

We can also look at the future plan-fully. When we do this we tend to focus on the things that we **do** control. And, by picking activities that are in our control and that are important to our future we have a far better chance of achieving our goals. Of course, life holds few guarantees! So, for example,

while we all hope that our favorite stock pick will be a high performing stock, not implementing a properly diversified portfolio is plainly irresponsible to our financial well-being.

7 Aug 2015
Dushyant Pandit
Dorchester Advisors

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