



WOMEN INVESTORS

It's an unfortunate reality that women often invest less than men, which can have significant long-term consequences. According to various studies, women tend to keep a staggering 71% of their money in cash rather than investing it in the stock market, where it has the potential to grow. This trend is particularly concerning when it comes to retirement planning, as women often retire with only two-thirds of the savings of their male counterparts, despite having a longer lifespan. Therefore, it's crucial for women to take an active role in their investments and overcome the cultural and societal barriers that may discourage them from investing. By making informed investment decisions and seeking professional guidance, women can work towards long-term financial freedom.*

It's time to own your financial power. Here are three strategies that can help you manage your risk and feel confident about investing:

UNDERSTANDING YOUR RISK CAPACITY

Risk capacity is the level of risk that an investor can tolerate without jeopardizing their financial goals. It's important to note that risk capacity differs from risk tolerance, which is the level of risk an investor is emotionally comfortable with. Many investors stop at risk tolerance without investigating the math behind how much they can actually afford to invest.

To calculate your risk capacity, you need to consider various factors such as your age, income, expenses, financial obligations, and investment goals. A consultation with a financial advisor can help you determine your risk capacity.

Understanding your risk capacity is crucial for making sound investment

decisions because it helps you determine how much risk you can afford to take to achieve your financial goals. For instance, if you're a young investor with a high income and long-term investment goals, you may have a higher risk capacity than an older investor who is closer to retirement and has more conservative financial goals.

By understanding your risk capacity, you can choose investment products that align with your risk tolerance and financial goals and avoid making emotional decisions based on short-term market fluctuations. Investing is a long-term game, and a sound investment strategy that aligns with your risk capacity can help you achieve your financial goals while minimizing unnecessary risks.

*Black Rock Annual Global Investor Pulse Survey American Women Feeling Better about Their Financial Futures but Keen Focus on Day-to-Day Finances May Deter Longer-Term Financial Goals March 7, 2016

DIVERSIFICATION & ASSET ALLOCATION

Diversification and asset allocation are crucial concepts in investing that help manage risk and maximize potential returns.

Diversification is the practice of investing in a variety of assets across different sectors, industries, and regions to spread out risks and minimize exposure to any one particular asset. By diversifying your portfolio, you can reduce the impact of market volatility on your investments, as different assets tend to perform differently under different market conditions.

Asset allocation is the process of dividing your investment portfolio among different asset classes, such as stocks, bonds, and cash, based on your investment goals, risk tolerance, and time horizon. The goal of asset allocation is to create a portfolio that balances risk and reward and aligns with your investment objectives.

Diversification and asset allocation are accomplished by investing in a mix of assets across different sectors, industries, and regions. For instance, you might diversify your portfolio by investing in a range of stocks from

different industries and countries, along with bonds and real estate investment trusts (REITs). You can also use asset allocation strategies such as age-based allocation, where you invest a larger portion of your portfolio in stocks when you're young and gradually shift towards bonds as you near retirement.

Diversification and asset allocation are important because they help to manage risk and maximize potential returns over the long term. By diversifying your portfolio, you can spread out your risks and reduce the impact of market volatility on your investments. Asset allocation, on the other hand, helps you balance risk and reward by creating a portfolio that aligns with your investment goals and risk tolerance.

Overall, diversification and asset allocation are essential concepts in investing that can help you manage your risks and achieve your long-term financial goals. By utilizing these strategies, you can create a well-balanced portfolio that aligns with your needs and reduces your exposure to market volatility.



REGULAR PORTFOLIO REVIEWS

Regularly reviewing your investment portfolio is important because it helps you stay on track with your investment goals and adjust your portfolio as needed to reflect changes in your life or market conditions.

Rebalancing is a key reason to review your portfolio regularly. When you create an investment portfolio, you'll typically set a target allocation for different asset classes, such as stocks, bonds, and cash. Over time, the performance of different assets or asset classes can cause your portfolio to drift away from your target allocation. For example, if stocks perform well while bonds lag behind, your portfolio may become overweighted in stocks. This can increase your exposure to market volatility and leave you more vulnerable to potential losses.

By reviewing your portfolio regularly, you can identify any imbalances and make adjustments to bring your portfolio back in line with your target allocation.

Life circumstances and financial goals can change over time, so it's important to have your portfolio aligned with your current needs. For example, you may want to shift your portfolio toward less risky investments to protect your savings if you're approaching retirement. Or, if you're planning to buy a house in the near future, you may want to allocate more of your portfolio to cash or short-term investments. By regularly reviewing your portfolio, you can make sure that your investments align with your current goals and objectives.





Your risk capacity and tolerance can also change over time, so it's important to review your portfolio regularly to help ensure that your investments are in line with your current risk capacity. For example, if you're nearing retirement and have a lower risk tolerance, you may want to shift your portfolio toward more conservative investments. Alternatively, you may want to allocate more of your portfolio to stocks if you're younger and have a higher risk tolerance. Regularly reviewing your portfolio allows you to adjust your investments to manage your risks better and ensure that your portfolio aligns with your risk capacity and tolerance.

Finally, regular portfolio reviews allow you to track the performance of your investments and make adjustments as needed to improve your returns. By monitoring the performance of your investments

over time, you can identify areas of strength and weakness in your portfolio and make adjustments as needed to optimize your returns.

In terms of how often you should review your portfolio, there's no one-size-fits-all answer. As a general rule, it's recommended to review your portfolio at least once a year, but you may need to review it more frequently if your life circumstances or investment goals change. Some investors prefer to review their portfolios quarterly or monthly, while others may only review them every few years. Ultimately, the frequency with which you review your portfolio should depend on your individual needs and goals. A financial advisor or investment professional can help you determine the optimal frequency for reviewing your portfolio based on your individual situation.

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