Be the Master Chef of Your Own Unique Investment Recipe

Back in June of 1992 and today, I stress to my readers the importance of balance and diversity in their portfolios. Back then I wrote:

Fine Balance From a Master Chef

Did you happen to see the McIlhenny & Co. recent advertisement for the company's Tabasco brand pepper sauce? The ad caught my eye because it ran a photo and culinary commentary from Susan Spicer, chef/owner of Bayona, a New Orleans restaurant most deserving of the recognition it is receiving. In the ad, Susan tells readers, "In my approach to creating dishes, balance is a primary concern. I love playing with the palette of sweet, sour, salty, hot and bitter flavors, so it's exciting to find one product that incorporates several of these properties."

Balance—from Chef/Owner Susan Spicer to Your Portfolio

Well, if you have sampled Susan Spicer's culinary genius, you know firsthand that she is a true master of balance. It was fun for me to see her picture in Food & Wine, and as I read her words on balancing flavors and incorporating exciting properties, I thought about how Susan's approach to pleasing the palette is much the same as the investment approach I use for you here. The sweet, sour, salty, hot and bitter flavors that combine to highlight Bayona's wonderful culinary fare are similar to the mix needed to produce a dynamic investment portfolio. The concept is the same in both instances. Successful balancing of a fine meal crafted by Ms. Spicer is not dissimilar to the success you can achieve by blending just the right mix of financial assets to form a personalized investment portfolio.

Anyone can understand how a balance of flavors can make food taste better, but it's not so easy to understand the benefits of diversification in your portfolio.

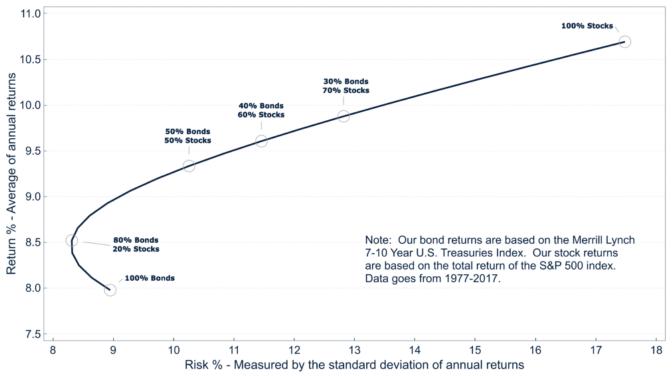
But take a look at the chart below. The line on the chart is called an "efficient frontier," and it displays the risk and returns on a portfolio of stocks and bonds ranging from 100% bonds to 100% stocks. These are real returns, and the chart makes clear that moving from an undiversified portfolio of 100% bonds to a diversified portfolio of 80% bonds and 20% stocks can both increase return and lower risk.

If you would like to experience the culinary mastery of Susan Spicer, you're in luck. Spicer is still running Bayona in New Orleans, serving entrees like fennel pepper-crusted lamb loin and sautéed pompano. Spicer has also written a book, Orleans, detailing her signature dishes for adventurous home chefs.

If you need help mastering balance in your investment portfolio, click here to signup to receive a call from one of the seasoned professionals at my family run investment counsel firm, Richard C. Young & Co., Ltd. You will receive a free portfolio review with absolutely no obligation.

An Efficient Frontier

The Power of Diversification



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