

# GURUNReport

A timely message from GURUN INVESTMENT ADVISORS, INC. for its valued clients

## The Importance of Portfolio Rebalancing

Portfolio rebalancing is the process of bringing your financial asset allocation back to the proper mix of stocks, bonds and cash. The allocation incorporates factors such as your risk tolerance, cashflow requirements and investment time horizon.

In today's dynamic environment, it is easy for one asset class to get out of balance because of external market forces. During the "dot.com bubble" in the late 1990's, technology stocks ballooned to an inordinately large percentage of many investors' financial assets. When the bubble burst, portfolios declined disproportionately due to this overallocation in technology. A rebalancing discipline would have reallocated a portion of these outsized gains in technology to other industry sectors and fixed income investments prior to the implosion. Rebalancing utilizes a buy low, sell high investment philosophy.

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### Pedigreed Investment Pointers



**Trust Gurun Investment Advisors to be your guide.**

Let us help you invest wisely and assist you with all your financial needs. Conservative investment advice is always in season at Gurun Investment Advisors.

## Introducing the GURUNReport

This is the first issue of a quarterly newsletter published for our valued clients and includes a discussion on the importance of rebalancing investment portfolios. In light of the market's recent volatility, maintaining the proper asset allocation is paramount to achieving your long-term financial objectives. Each newsletter will spotlight subjects impacting the financial markets and review our Firm's approach to managing your investment assets.

Future editions will be published at the end of each calendar quarter to align with our new Quarterly Statement distribution schedule.

This issue of the

# GURUNReport

has been prepared by

## Gurun Investment Advisors

to help you understand and achieve your long-term financial objectives via conservative investment management.

### Executive Profile

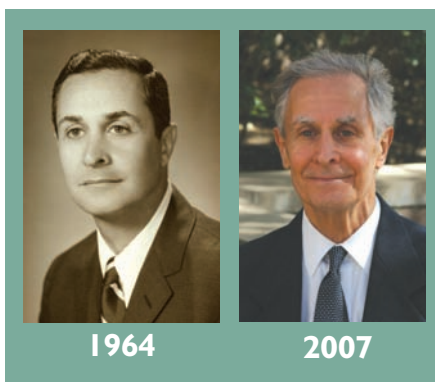
#### Gurun's Investment Rule #1

*Spend less than you earn and invest the rest.*

#### John J. Gurun, CFA

With over 45 years in the investment business, John's experience has run the gamut from institutional fixed income sales to management oversight of investment professionals to providing customized wealth management to individuals. Prior to starting his own firm in 1981, John worked for a number of leading brokerage firms including eight years as regional manager and board member for Kidder Peabody.

Gurun Investment Advisors, Inc. manages low volatility investment portfolios for over 50 clients.



### The Importance of Portfolio Rebalancing from page 1

The discipline, time and emotional objectivity required to rebalance one's portfolio presents challenges for the personal investor. Your financial advisor should help in the control of fear, greed, hope and ego and provide objective attention to the risk implications of your asset allocation. Because no one can

predict the future, an unemotional reassessment of your portfolio's balance is essential to achieving your long-term financial objectives.

Remember . . . if you do not systematically rebalance your investment portfolio, the market will eventually do it for you.

#### GURUN INVESTMENT ADVISORS, INC.

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## GURUNSPEAK

### An Investment Glossary

#### Exchange Traded Funds (ETFs)

Listed securities that represent a basket of stocks that mirror the performance of an underlying index (i.e., the S&P 500). ETFs trade throughout the day and the share value will change on the basis of supply and demand and the underlying value of the basket of securities.

#### Bond Ladder

Buying individual bonds with increasing maturities (often one year apart) and holding them until maturity. The Bond ladder utilizes dollar cost averaging and helps minimize interest rate volatility by reinvesting bond maturities at periodic intervals.

#### Value Stocks

A stock that tends to trade at a lower price relative to their underlying fundamentals such as dividends, earnings, and/or sales. Common characteristics include a high dividend yield, low price to earnings ratio and low price to book ratio. A value investor believes market inefficiencies create stocks priced less than their true value.