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Practical Wealth Creation Ideas

...for Simplified Financial Success™



Are You Holding TOO MANY FUNDS?

If you hold 25 to 30 mutual funds, it may be time to edit your portfolio. An investor may amass a huge portfolio, purchasing two or three new funds every year. If you do this, it may seem you are diversifying, but you may find that you have acquired too many funds requiring

a lot of management. Actually, one good mutual fund diversifies among many securities. Consider holding a number of good funds that diversify among market sectors and asset classes. Many large-cap funds for example, may hold comparable securities, some of which may be in the same companies.

Simplify. Ensure you have a strong holding of Canadian content in your fund portfolio. This can be accomplished by purchasing just two or three funds. Foreign fund investing (both in your RRSP/RRIF holdings and non-registered funds) is also an option.

Stay the Course. As you carefully analyze each year's purchase, consider keeping the best performing funds for the long term, while balancing your portfolio in favour of performance and keeping diversification in mind. Talk to your advisor because it is important to have a good reason to make any adjustment to your portfolio. You can continue to purchase units of the better, long-term performing funds that you may already hold.

Enforce an investment discipline. By adding to your core portfolio, you lessen the temptation to invest in the latest hot fund. This strategy will allow your investments to grow over time, while remaining manageable.