PROVASI
CAPITAL PARTNERS

Four Ways to Shift from Portfolio Performance to Portfolio Outcomes

Some clients tend to focus on short-term portfolio performance even though a long-term investment discipline has traditionally led to better outcomes. Financial advisors must strive to control the agenda and to keep their clients focused on portfolio risks and not solely on short-term returns. No one can control returns, but you can help clients control the level of risk and the extent of hedges owned, as you help them meet their goals.

What's the Plan?

The plan to control the conversation is relatively simple, but may take time for you to get across. Come to the conversation prepared to review your client's portfolio, but keep the direction focused more on how to achieve the outcomes your client wants, both today and tomorrow.

The starting line for strengthening a client's portfolio is determining what asset classes are missing and adding in selected securities that match the goals and risk profile.

Four Overall Strategies to Rebalance a Client's Portfolio:

- ❶ **Shift money to lagging asset classes from overvalued positions;**
- ❷ **Deploy new sources of capital into lagging asset classes;**
- ❸ **Sell off asset classes that have peaked; and/or**
- ❹ **Add selected positions to new asset classes**

Three Ways to Reposition Assets:

- ❶ **Are there any winners to sell or laggards to target for additional investment?**
- ❷ **Is there new capital to deploy from bonuses, asset sales or an inheritance?**
- ❸ **Is there an opportunity to improve diversification with alternative investments?**

Two Multi-faceted Approaches to Consider:

1. Open your analysis to a broader view of accessible markets and return streams:
   - ❶ **Private equity and private debt strategies?**
   - ❷ **Directional strategies like long/short**
   - ❸ **Opportunities in Global Macro trends?**
   - ❹ **Precious metals and currency strategies?**
2. Is it time to position assets for long-term growth, or perhaps consider opportunities in illiquid investments that might meet total return goals?
   - ❶ **How will the portfolio perform in a rising-rate environment or if the investor's domestic currency is challenged?**
   - ❷ **If volatility returns to the equity markets, are there good shorts in the portfolio?**

One Last Word:

Armed with information that you obtain through regular communications, you will have a much better view of your client's needs, goals and risk tolerance. Most importantly, you'll have a greater understanding of how your client would define a successful outcome. Focusing on portfolio outcomes rather than portfolio performance can help you change the conversation from a review of short-term performance to a plan for successful outcomes over the next five years and beyond.

While your client may be focused on certain investments and on broad market news that may or may not impact their overall financial health, what's really important are portfolio outcomes, and not specific investment performances.

Continue to examine the portfolio with an open mind to the investable universe.

Private equities/debt can ease those moments of stress when the markets behave unexpectedly.

Match new ideas with your client's goals and current needs.

PROVASI
CAPITAL PARTNERS

For more information, call
toll-free **866.655.3600 or visit**
provasicapital.com.

@provasicapital

Provasi Capital Partners

FAconnect@provasicapital.com

For Financial Advisor Use Only

Alternative investments may involve higher fees, more limited liquidity, and greater risks, including higher volatility and the opportunity for significant losses, compared to traditional investment strategies. Alternative investments are not suitable for all investors.

Past performance is neither indicative nor a guarantee of future results. Diversification does not ensure a profit or guarantee against a loss.

About Us

Provasi Capital Partners LP offers access to specialized investment strategies through a multi-manager approach presenting advisors and their clients with unique options for allocating capital, managing risk and diversifying assets.

Principal underwriting and wholesale distribution services are provided by Provasi Capital Partners LP. Please see the applicable offering documents for further information pertaining to funds and other investment products that are distributed by Provasi Capital Partners LP.

Provasi Capital Partners LP is a member of FINRA/SIPC.

Published 10/15

3223-1