

## In This Issue

[A Time For Action - Or Not](#)

[A "Wenning" Investment](#)

[Q&A](#)

[Learning From Your Investing Mistakes](#)

[Brenda in the News](#)

**Join Our Mailing List**

[Click Here](#)



Wenning Investments, LLC

# Wenning Advice

Vol. 1 - Issue 3

January 2009

**Dear Brenda,**

Thank you for your interest in "Wenning Advice," our new monthly newsletter for clients and friends. [Click here](#) if you would like to be taken off our list. If you have a friend who might benefit from "Wenning Advice," please [reply here](#).

**Brenda P. Wenning**, *Principal*  
Wenning Investments

## A Time For Action - Or Not

Active investment managers are supposed to be active. Passive investment managers are supposed to be passive.

The truth is, both are pretty passive these days - but there's a big difference in the results.

Active managers overwhelmingly sold off most or even all of their clients' stock holdings in September. As a result, their clients lost little if any value from their portfolios. Many have, in fact, made modest positive returns, as their money is parked in money market funds, awaiting signs of market recovery.

Active managers are trading little, because few investments are making money in today's economy. We often urge investors to diversify, but what happens when investments are performing poorly across the board?

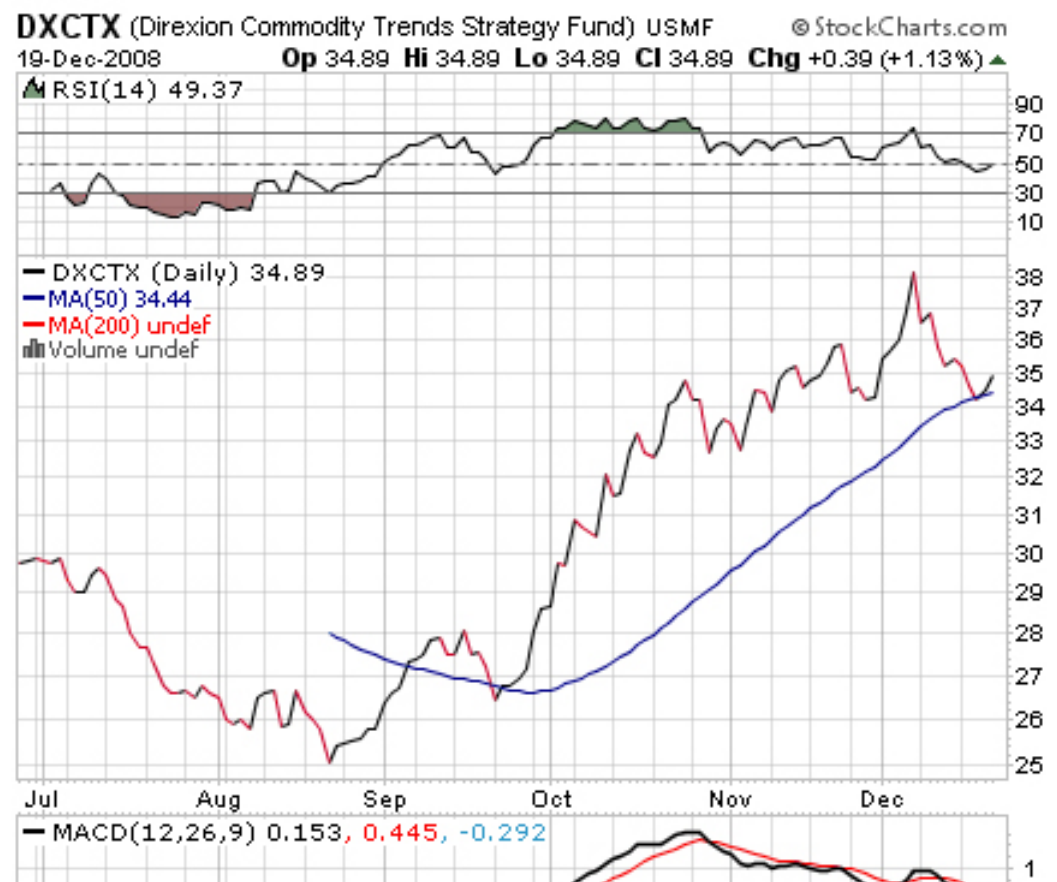
Conversely, passive managers, who follow a "buy and hold" strategy, have generally seen the value of their clients' portfolios cut in half. Move the remaining money now, and the value that's been lost is gone for good, so neither managers, nor investors, are anxious to move their money.

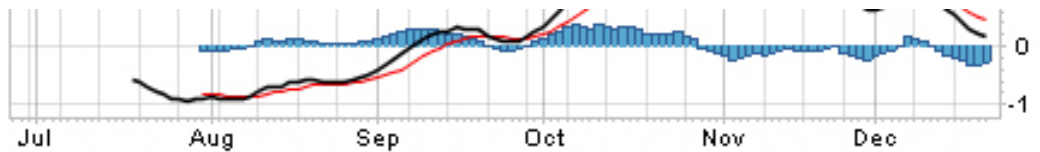
Passive managers are continuing to advise their clients to "think long-term." They're hoping the worst is over - but they know that it will likely be many years before their clients' portfolios get back to the breakeven point.

Active managers are ready to recommit their clients' holdings to the market when signs of recovery are evident. Unfortunately, no one knows when that will be, but we will be as patient as we need to be.

Active managers recognize that we may need to wait a long time before our clients can make significant returns in the market again - but we can take consolation in knowing that our clients will likely have an opportunity to make money for years before clients of passive managers even recover from the current market downturn.

## A "Wenning" Investment





You can make money, even in today's market. One example where we were able to provide a significant return was our investment in the Direxion Commodity Trend Strategy fund. We purchased the fund for \$29.81 per share on June 18, 2009 and sold it for \$34.17 per share on Oct. 28, 2009. That's a return of +14.62% over a period of just over four months.

## Q&A

**What's the difference between investing with an active investment manager and investing in a mutual fund? Aren't mutual funds actively managed?**

There's active management and then there's active management. Mutual funds are actively managed in the sense that money managers are continuously tracking their holdings and adjusting them, based on changing fundamentals and market conditions that are affecting their holdings.

However, regulations require that managers of mutual funds follow the investment principles outlined in each fund's prospectus. For example, the manager of a municipal bond fund must invest almost every cent into munis, while the manager of a small-cap growth fund must invest in small-cap growth stocks.

True, managers of some funds can be more active than managers of others. Hybrid mutual funds, for example, are more like hedge funds than typical mutual funds, but they're a rarity in the industry.

In other words, mutual funds may have "active" managers. They just act passively.

## Learning From Your Investing Mistakes

In the last issue of *Wenning Advice*, we said that having unclear goals was one of the investor mistakes we encounter most frequently.

But having financial goals is just the first step. Just as you need a solid strategy to accomplish your business goals, you need a plan to achieve

your personal financial goals.

**Mistake #2: No Investment Plan.** If you don't have an investment plan, you are not alone. Even many investment professionals who manage money for others don't have an investment plan.

It may be because developing one can be time consuming, as it requires a clear understanding of both short- and long-term goals across all aspects of your life.

Your plan should account for all of your assets and liabilities, including real estate, automobiles and even less marketable investments, such as art, and stamp or coin collections. The full spectrum of investments should be considered, because returns from all of your investments interact and these relationships have an impact on the total return generated by your investment portfolio.

Once you have a clear accounting of your assets and liabilities, you need to consider your investment objectives. Finally, you need to determine how to achieve your goals, based on your current portfolio, your investment time horizon, expected future returns and your tolerance for risk.

While investment plans must be flexible, since you cannot predict with certainty what your investments will earn, a properly designed plan should keep you on track to ensure that you achieve your financial goals.

Of course, your plan should be reviewed annually to ensure that you are on track and making progress toward achieving your goals. It should also be reviewed to ensure that your goals haven't changed significantly.

### Brenda in the News

The financial press is beginning to pay attention to "active investment management" as an alternative to "buy and hold" investing.

Our articles on investing have appeared recently in *The Boston Herald (Women's Business)* and *The MetroWest Daily News*. We have also been interviewed for stories in *Fund Strategy* (a British publication), *The Boston Globe* and *The Pittsburgh Post-Gazette*.

You can find all of these articles in the press room of our [Web site](#). You'll also find back issues of *Wenning Advice* there, so visit often.

### Keep in Touch

Have an idea for a future issue of *Wenning Advice*? Are you interested in active investing or would you like to refer a friend who may be interested?

Contact Brenda P. Wenning, principal of Wenning Investments, LLC of Newton, Mass. She can be reached at [Brenda@WenningInvestments.com](mailto:Brenda@WenningInvestments.com) or 617-965-0680.

Visit her Web site at [www.WenningInvestments.com](http://www.WenningInvestments.com).

Visit Brenda's blog at [WenningAdvice.com](http://WenningAdvice.com).

---

[Forward email](#)

 **SafeUnsubscribe®**

This email was sent to [brenda@wenninginvestments.com](mailto:brenda@wenninginvestments.com) by [brenda@wenninginvestments.com](mailto:brenda@wenninginvestments.com).

[Update Profile/Email Address](#) | Instant removal with [SafeUnsubscribe™](#) | [Privacy Policy](#).

Email Marketing by



Wenning Investments, LLC | 275 Grove St., Suite 2-400 | Newton | MA | 02466

