



### MAKE

Partnerships that work, Foursquare's rise and power couple Sara Blakely and Jesse Itzler

### GROW

What Dodd-Frank means for your money, 10 new economic trends and due diligence on advisors

### LIVE

Holiday gift guide. Plus: 10 top-rated charities and questions for your event planner

# Worth<sup>®</sup>

THE EVOLUTION OF FINANCIAL INTELLIGENCE



**FUTURE WEALTH**

WORTH.COM

# 09

VOLUME 19 | ISSUE 06

## Mesirow Financial, The Engle/Fyffe Team

David R. Engle, AIF®, Managing Director, Investment Advisory  
Clinton Fyffe, CFP®, Investment Manager, Investment Advisory

# “What are steps I can take to reduce the risk in my investments?”

By David R. Engle and Clinton Fyffe

**Clients work hard for their money and seek advice about how best to preserve and grow it.** Since the market crash, investors have become far more sensitive to risk, but a variety of strategies can be considered by investors to help them meet their return goals without subjecting their portfolios to undue risk.

The following are three techniques that could be implemented across portfolios.

## 01 DOLLAR COST AVERAGING STRATEGIES

Whether it is because they just sold their businesses, took lump-sum retirement benefits, or reduced their equity holdings during the market downturn, clients often maintain large cash balances. When investing this cash, we avoid making dramatic allocation shifts or timing the market and rarely invest large sums at once.

In situations like these, it is essential to establish and adhere to an Investment Policy Statement. For clients with significant cash holdings, an investment plan should outline investing over a series of stages. This process, known as dollar cost averaging (DCA), helps to steady investment returns during turbulent market conditions. Perhaps this is an obvious concept; however, many advisors are not using this time-tested approach.

In a DCA strategy, more shares are purchased when prices are low, and fewer shares are purchased when prices are high. The goal is to lower the overall cost of the investment over time. An example of DCA is 401(k) contributions: A fixed contribution is made each pay period, regardless of market conditions.

## 02 ABSOLUTE-RETURN STRATEGIES

Absolute-return strategies are an important diversifier and risk mitigator in any market condition; however, given the unpredictability of the current market, this asset class is likely even more important.

Absolute-return strategies are investments other than traditional stocks and bonds, and include such things as convertible bonds, commodities, real estate and hedged equities. Historically, these investments had little correlation to the movements in the broad stock and bond markets. Additionally, absolute-return strategies have the potential to provide downside protection and offer competitive returns.

Exposure to absolute-return investments is often obtained through hedge funds or other private investment vehicles. While these investments are appropriate for some, they do come with several disadvantages. High minimums, illiquidity and a lack of

transparency are all potential impediments to investing in this asset class. However, a substitute is to use publicly traded mutual funds that attempt to mimic the risk-and-return experience that hedge fund of funds provide, while offering lower minimums, daily liquidity and stricter governance of policies and financials. Our team uses a portfolio of several eclectic mutual funds that collectively meet the needs of our clients.

## 03 HYBRID STRATEGIES

The managers of hybrid strategies have broad authority to reallocate capital across asset classes, geographic locations, market capitalizations, etc. Traditionally, this has allowed managers to take advantage of inefficiencies in the market to help them mitigate risk and generate excess return. When hybrid managers have more flexibility, they can sidestep some of the severity of market corrections by avoiding securities they deem to be overvalued.

When constructing portfolios, our team utilizes absolute-return strategies and hybrids in all market conditions. Both approaches become especially important given today's volatility.

While there is no perfect way to mitigate risk entirely, historically these three strategies have provided value for our clients. ☺

**“There is no simple solution, but investment managers can use a variety of strategies in order to achieve a prudent balance between risk and return.”**

– David R. Engle and Clinton Fyffe

**How to reach The Engle/Fyffe Team**

You can reach us at 847.681.2386.

**IF I WEREN'T A WEALTH ADVISOR, I'D BE...**

*David: A surgeon. I would feel great satisfaction from positively impacting someone's life.*

*Clinton: A professional golfer. I have been playing since I was 3 and love the competitive nature of the game.*



David R. Engle

Clinton Fyffe

**MY HOBBIES ARE...**

*David: Spending time with my family, golfing, attending sporting events and traveling*

*Clinton: Working out, golfing, watching baseball and listening to music*

**WHAT'S ON MY DESK...**

*David: Pictures of my wife and kids, my BlackBerry and The Wall Street Journal*

*Clinton: My iPod, a hockey puck and a financial calculator*

**About The Engle/Fyffe Team**

The Engle/Fyffe Team is a wealth management team at Mesirow Financial, an independent, employee-owned private company with more than \$47 billion in assets under management. The team provides wealth management services for individuals, families, business owners and corporate retirement plans. David R. Engle is a managing director in the investment advisory group and has more than 10 years of experience. He earned both his BS and his MBA from the University of Illinois, and is an AIF designee. Clinton Fyffe joined Mesirow Financial in 2007. He earned a BS in personal financial planning from Texas Tech University and an MS in finance from the University of Illinois. Mr. Fyffe is a Certified Financial Planner professional and a Chartered Financial Analyst Level III exam candidate.

Assets Under Management  
**\$47 billion (Mesirow Financial)**  
**Confidential (The Engle/Fyffe Team)**

Minimum Fee for Initial Meeting  
**None required**

Minimum Net Worth Requirement  
**\$500,000**

Largest Client Net Worth  
**Confidential**

Financial Services Experience  
**14 years (combined)**

Compensation Method  
**Asset-based fees**

Primary Custodian for investor Assets  
**Mesirow Financial, Inc. (plus multiple secondary)**

Professional Services Provided  
**Planning, investment advisory and money management services**

Website  
**www.mesirowfinancial.com**

Email  
**dengle@mesirowfinancial.com**  
**cfyffe@mesirowfinancial.com**



David R. Engle, AIF®

*Managing Director, Investment Advisory*

Clinton Fyffe, CFP®

*Investment Manager, Investment Advisory*

**Mesirow Financial, The Engle/Fyffe Team**

610 Central Avenue

Suite 200

Highland Park, IL 60035

Tel. 847.681.2386

Email: [dengle@mesirofinancial.com](mailto:dengle@mesirofinancial.com)

[cfyffe@mesirofinancial.com](mailto:cfyffe@mesirofinancial.com)

[www.mesirofinancial.com](http://www.mesirofinancial.com)

REPRINTED FROM

**Worth**  
THE EVOLUTION OF FINANCIAL INTELLIGENCE

 **Mesirow Financial**®

Independent Minds.  
Innovative Solutions.

**About the Worth Leading Wealth Advisors**

The Worth Leading Wealth Advisor admittance process is based on, but not limited to, the Advisor's experience, education, fiduciary status, compliance record, wealth management services, methods of compensation and scope of current business. In order to be considered for the Worth Leading Wealth Advisors Program, financial professionals must be willing to provide complete and full disclosure to investors so that independent analysts from Paladin Registry can thoroughly screen and evaluate their credentials, ethics and business practices. Once admitted, Advisors pay a fee to be included. Investors and potential investors are solely responsible for the decision to select particular Advisors.

**About Mesirow Financial**

Mesirow Financial is a diversified financial services firm headquartered in Chicago. Founded in 1937, it is an independent, employee-owned firm with more than 1,200 employees in locations across the country and in London. With expertise in Investment Management, Global Markets, Insurance Services and Consulting, Mesirow Financial strives to meet the financial needs of institutions, public sector entities, corporations and individuals. For more information about Mesirow Financial, visit its Web site at [mesirofinancial.com](http://mesirofinancial.com).