



GROWING WEALTH...

As investment professionals we are often asked by our clients and potential investors: How do I become wealthy? Our response is simple, while successful wealth accumulation is possible it does not happen overnight, it requires patience, discipline and when necessary an attitude to change. Over the years, in response to such requests, we have developed strategies to help our clients manage and grow their wealth.

Our Strategies to Growing Wealth:

1. Establish a Financial Plan

Planning ahead could mean the difference between achieving financial freedom and experiencing financial failure. A good place to start is to make a monthly budget and stick to it. A proper budget can help you monitor your expenses, dig you out of debt and provide for emergencies.

You should also write down your financial goals and decide what you would like to accomplish in the next 2 to 8 years and prioritize those goals. Maybe you would like to start a college fund, purchase a new home or take a long vacation. The point is, once you know where you are and where you want to be, the more likely you are to work towards achieving your financial dreams.

2. Manage Your Debt

Let's be honest, debt is a part of life but not all debt is bad. Good debt includes, mortgages or a school loan. However, some debt can affect your finances now and well into the future. Credit cards are usually the biggest culprit.

This year, find creative ways to reduce your expenses:

- Pay off those credit card balances. Period.
- Try car-pooling several times a week,
- Brown bag it instead of buying lunch every day.
- Clean your car yourself instead of getting it professionally done

You will be pleasantly surprised to see how much you can save by implementing simple measures.

3. Commit To Savings

Pay yourself first and start small, we suggest you save 10% of your income. But don't give up just because you can't save that much, try starting with 5% or 3%. The idea is to get you into a savings habit. Saving consistently is better than putting aside a big sum just once.

It's also a good idea to monitor your ATM withdrawals, decide how much you will take out each week and make it last. If you have money left at the end of the week, put it into your savings account.

Set up an automatic withdrawal plan with your bank to remove funds your checking account and put it into a savings account. Remember, "If you don't see it more than likely you won't spend it"..

4. Start Investing

Once you have accumulated a level of savings. Put your savings to work. Let your savings build greater wealth for you by investing, carefully and soundly.

Investments are intended to grow wealth. Although in a given year a certain asset class might not appreciate, general investment categories for growth include real estate, stocks, bonds and mutual funds. A key aspect of any investing plan is to invest early so that the power of compounding can work to grow your assets and produce remarkable results.

For your review, we have outlined the more popular investments in the domestic markets:

Mutual Funds

Mutual funds are a popular investment for many types of investors because they offer a convenient, cost-effective and easy way to invest in the financial markets. The idea behind a mutual fund is simple: Many people pool their money in a fund, which invests in various securities.

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Mutual funds may invest in practically anything, according to what is provided for in the fund documents. Equity mutual funds invest in the common shares of corporations. Bond or income funds invest in the bonds of governments and corporations. Mortgage funds invest in residential and commercial mortgages. Balanced funds invest in a mixture of bonds, stocks and money market instruments and alter the proportion of these investments according to the manager's view of these investments.

Bonds

Bonds are considered to be one of the safest forms of investing. When the company or entity offering the bond (usually referred to as the issuer) wants to raise money, they offer bonds and they are then contractually obligated to not only pay back the principal amount borrowed, but also as a reward for lending your money, you will also receive interest payments, twice per year. In the Bahamas, the Government is usually the biggest issuer of Bonds.

Stocks

Stocks represent ownership in a publicly traded company and carry certain rights and privileges including voting and sharing of profits. In the Bahamas, stocks are traded on the Bahamas International Securities Exchange (BISX). Stocks are a good form of investment as over the long-term, equities (shares) provide a higher rate of return than many of the other traditional forms of investing.

No investment is without risk, so before you invest, it is very important that you understand all of the benefits and risks associated with the investment product.

5. Seek Professional Advice

While you may think that you are investment guru, and we are not disputing your acclamation if you find yourself overwhelmed by what and how much you should invest, do not be afraid to consult a financial professional. Many investment houses offer free if not inexpensive consulting and they will help you to ensure that you are on the right track to growing and maintaining your wealth.