

The Outlook: Mid-Year Financial Review: Assessing Your Portfolio's Performance



As we approach the midpoint of the year, it's an ideal time to assess your progress towards your financial goals with a mid-year financial review. This exercise isn't only about returns; it's about ensuring that your investment strategy still reflects your goals, risk tolerance, and any life changes such as a new home, career shift, or upcoming retirement.

Portfolio Performance: Beyond the Numbers

As we approach June 30, it's an ideal time to assess your portfolio returns. You'll want to see if any assets are performing differently than expected,

whether positively or negatively, and understand the impact on your overall returns. You might even want to consider adjusting your positions in these investments if the initial assumptions made in making the investment no longer hold true. However, caution should also be taken to avoid a common pitfall among investors. That is focusing solely on short-term results and making reactionary changes to their strategies and forgetting their long-term plans. It's important that you don't hastily change your investment strategy but rather operate with your overarching financial goals at the forefront of your mind.

For example, imagine you invested in a growth stock that surged by 25% in the first half of the year. While that's excellent short-term performance, a deeper look might reveal that this stock now represents a significantly larger portion of your portfolio than you intended, potentially increasing your overall risk. Conversely, a value stock that's underperformed relatively might still be a crucial part of your long-term diversification strategy, even if its recent returns are modest. Rebalancing the portfolio at this point can be an important step in realising gains on the overperforming stock and allocating more resources to the stock that is relatively inexpensive.

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After assessing your portfolio's performance, remember that it's crucial to look beyond just the numbers. A comprehensive review considers how all your investments are collectively performing in relation to your financial goals and compares performance across different asset classes to uncover potential opportunities or concerns. Your VM Wealth Advisor can help you assess these dynamics and determine whether any adjustments are necessary in your portfolio to align with your long-term plan.

Strategic Adjustments for the Second Half

The insights gained from your mid-year review serve as a critical foundation to refine your investment

strategy. A mid-year portfolio review offers the clarity needed to respond thoughtfully to market developments, realign your goals, and ensure that your investments continue to serve your best interests.

At VM Wealth Management, we remain dedicated to supporting you at every stage of your financial journey. Your Wealth Advisor is here to provide personalised guidance, answer your questions, and help you make the necessary adjustments with confidence.

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