



Take the wheel

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I am the father of 16-year-old identical twins, Brooke and Taylor. They are the same height, have the same long brown hair and sparkling smiles, and are both honors students. Yet, their approach to life is radically different. A recent driving lesson highlights this.

Both girls are learning to drive. We headed out to I-95 in Milford. The first daughter slid behind the wheel and coolly sped up, her long hair blowing past her shoulders. When I asked her to slow down, she said, "Relax, Dad, I'm not going fast at all." When it was her turn, the second daughter drove slowly and guardedly, giving herself extra-long braking distances and gripping the steering wheel tightly.

While utterly dissimilar, both driving styles got us where we wanted to go. So it is with investor styles: two divergent approaches can lead to the same desired outcome. Whether you are a more aggressive or more cautious investor, both can be effective if you follow your clearly defined objectives.

Some people see definite signs that the economy is rebounding. Unemployment is down. Commercial sales are on the rise and home prices in many markets are moving higher. Over the past month or so, the stock market has been trending upwards.

The financial markets, largely, see the Federal Reserve's actions as indicative of the nation's overall economic improvement. That means there are opportunities, both for those willing to accept increased risk, as well as those taking a more conservative approach.

Several industries with a significant presence in Connecticut may be worth a new look, particularly by those willing to take the long view as well as a bit more risk.

The health care industry has more medications in the late stages of development than ever before. If approved, these new products will be a significant boost for health care equities. In pharmaceuticals, as well, there is a growing interest in emerging markets as many manufacturers are expanding in such emerging markets as India, China, and Brazil. These are markets some analysts see as

offering national growth rates potentially greater than those of developed regions and countries such as Europe and Japan.

According to the Danbury-based IMS Institute, a leading provider of information and analytics in the health care industry, spending on medicines in emerging markets will nearly double in five years.

Connecticut's insurance industry also is attracting some attention as premiums are on the rise. With many insurers earning a large chunk of their profits from investing the cash paid as policy premiums, insurance companies can expect to generate greater income from their investments. Certainly, large natural disasters can eat into the profits of property-casualty insurers, but, for the most part, these companies have considerable funds in reserve — funds that will benefit from higher interest rates.

For the aggressive investor, now may be the time to put pedal to the metal.

Cautious investors, on the other hand, can point to many bumps in the road ahead and still make wise choices to lead them to their goals.

While bond yields continue to remain low, there are still ways to generate income. A number of large, solid corporations are paying dividends that top yields available in the bond market. Additionally, research analysts and strategists expect many of these companies to grow their dividends annually at attractive rates. It just takes some research to find the opportunities suitable for the individual.

For those investors seeking income free of most taxes there are still opportunities in the municipal bond market — without having to accept the additional risk associated with some municipalities that have been plagued by financial problems.

With a large sum of money still sitting in money market funds (\$2.638 trillion for the week ended August 21) and earning near zero percent, many investors don't seem to be clear about their own journey. Whether you are the type who wants to get home quickly — and risk a speeding ticket or two — or the type who will happily inch forward slowly, the journey is well worth taking. All you need to do is get behind the wheel.

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