

Daily Money Tip: This is a good time to take those profits



GALLERY: Mark Fried, president of TFG Wealth...

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You might not want to hear it, but it's a good time to take profits by selling some big gainers in your portfolios - since that's how you make money.

Last year's fabulous stock market return is prompting such money managers as Mark Fried to sell some stock positions and wait for a pullback, then redeploy the cash into some favorite names.

"In the last month or so, we have increased our cash position to 20 percent from 10 percent in conservative portfolios," the Newtown

portfolio manager and president of TFG Wealth Management says in an interview. "Having a sell discipline is important to making money in equities."

In other words, realize some of your unrealized gains.

It's likely that investors will experience more gains this year, Fried says, but expect increased volatility, especially closer to mid-term elections. So he is taking advantage of upturns in the market to trim positions in dividend-yielding stocks; he likes names such as Verizon Communications (symbol: VZ) and ConocoPhillips (COP).

Fried and his partners believe the multi-decade bull market in bonds "is pretty much over. Right now, we are trying to manage to interest rates," potentially rising because the new Federal Reserve chair, Janet Yellen, has signaled continued easing of the central bank's bond purchases.

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For client bond portfolios needing income, Fried likes to invest using exchange-traded funds such as SPDR Barclays Short Term High Yield Bond ETF (SJNK) and the SPDR Barclays High Yield Bond ETF (JNK) - both of which invest in so-called junk bonds - and the SPDR Blackstone/GSO Senior Loan ETF (SRLN).

He hedges moves in the bond portfolios for his clients using ProShares UltraShort 20+ Year Treasury (TBT), which seeks two times the inverse (or opposite) of the daily performance of the Barclays Capital U.S. Treasury 20+ Year Treasury Bond Index.

A statistical bounty. For market-data junkies like myself, every quarter is a bonanza when JPMorgan issues its "Guide to the Markets," available to the public on its website.

Chock-full of statistics, the guide illustrates a comprehensive array of market and economic histories. Clear, compelling charts help provide a sense of long-term trends.