



UNITED ASSET STRATEGIES

To our valued clients and friends,

October 2014

The month of October can send shivers down our spines, not because of Halloween ghouls but because investors old enough to recall Black Monday remember a 22% one day drop in the equity markets and the continued fear the markets will sell off lurks around every corner. The idea we should invest based on sayings such as “sell in May and go away” or “buy in December for the Santa Claus rally” is ridiculous because if followed religiously, it causes loss and limits capturing significant upside. Just as ridiculous is ignoring history and thinking that “it can never happen again”.

At United, we take our client’s changing risk tolerances very seriously and believe it is one of the aspects of our relationship that sets us apart from our peers. Further, offering comprehensive financial and estate planning allows us to help you drown out the noise and stick to your plan. The plan can either be investing to achieve a specific rate of return, determined to help you realize your financial goals, or utilizing a specific strategy to meet or exceed a designated benchmark. Both of these methods require patience and calm.

When the markets start to move sideways and get choppy and volatile, the last positions purchased in portfolios can look the worst, not having sufficient time to appreciate. Our stop sell strategy is likely to trigger a sell locking in a loss or a smaller short term gain. It is this selling; however, that creates cash, an important hedge against further market declines. If the market’s drop is *not* associated with negative macroeconomic trends, we will begin to purchase stocks that were identified, potentially months ago, at predetermined price levels and get the cash reinvested. If the market’s drop *is* associated with confirmed bearish macroeconomic trends, we will continue to raise cash from equities and wait on the side lines for confirmation of “green shoots” before resuming an aggressive reinvestment program.

During the month of September, due to increased volatility and our disciplined sell side strategy, most clients with individual equities have seen approximately 15% of their equity holdings sold and moved to cash. Our high dividend equity portfolios increased a hedge against the Dow Industrials and during the past quarter, our mutual fund clients realized a reduction in both small and mid cap funds with the proceeds remaining in cash and reinvested to high quality bonds. Our long-term oriented Category ETF Model remained unchanged in its allocation as the portfolio has been constructed targeting risk-adjusted returns based on the historical relationships of the various asset classes. Feel secure knowing that we are not “reacting” to the noise; our disciplined strategies are already in place.

You may recall that during June 2014 we were quoted in Investment News as being an early and contrarian seller of PIMCO’s Total Return Bond fund, due to the uncertainty surrounding the key departure of Mohamed A. El-Erian and lagging performance of their flagship fund under the management of Bill Gross. This intentional sale has proven to be timely due to the sudden departure of Bill Gross from the firm, causing significant liquidations to meet redemption requests from the fund.

United Asset was a proud co-sponsor in the Great Cow Harbor Run, which benefits the Special Olympics of New York, The Northport Veterans Administration Hospital and local food pantries. We are also excited to announce October is the **Biggest Shredder** month, making available to our local clients secure disposal bins for their sensitive documents and records.

Moving into the fourth quarter we will accelerate our tax loss planning and would love to hear from you about any questions or concerns you may have.

The Professional Staff at United Asset Strategies, Inc.

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