

Coming Out Ahead by Doing Less

- ✘ It's easy to adhere to an investment strategy when you don't have to do very much. Such is the case with the approach I use to manage my 403(b) account, which is similar to a 401(k) account.



When I recently looked at my account, there was nothing for me to do. No changes were required. The automatic contributions from my paycheck are continuing to be added to the account, the funds are adhering to their strategies and the allocation is staying within the boundaries I set for it. So, I'll just sit back and let things continue. Easy breezy.

The reason I didn't have to do anything is because I use a rebalancing strategy. As long-time readers of this column are aware, I have my 403(b) account allocated to just five funds: Vanguard S&P 500 (VFIAX), Vanguard FTSE All-World ex-US Small-Cap (VFSVX), Vanguard Intermediate-Term Investment-Grade (VFIDX), Vanguard REIT (VGSLX) and Vanguard Small-Cap Value (VSIAX). The target allocation for each fund is 20%. As long as the weighting for each fund does not go below or above a 10-percentage-point band (under 15% or above 25% of total account value), I don't do anything. Such was the case when I looked at the account this week for the first time in six months.

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More on AAll.com

- [Best Practices for Portfolio Rebalancing](#) - My decision to rebalance when my allocations are

off target by five percentage points or more is based on this Vanguard study.

- [When Less Is More: How to Increase Aftertax Returns by Doing Less](#) - Returns for taxable accounts can be boosted by trading less often, as this 1996 *AAll Journal* article from our archives explains.
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Highlights from this month's *AAll Journal*

- [The Basics of Real Estate Investment Trusts \(REITs\)](#) - Associate editor Jaclyn McClellan provides a full explanation of what REITs are, including their various types.
 - [The Impact of Savings Versus Return on Wealth](#) - While younger investors benefit from higher returns, the closer you are to retirement, the more important how much you save becomes.
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AAll Sentiment Survey

Neutral sentiment rose to its highest level in almost two months. [More about this week's results.](#)

This week's results:

- Bullish: 28.4%, down 8.5 points
- Neutral: 41.4%, up 3.8 points
- Bearish: 30.2%, up 4.7 points

Historical averages:

- Bullish: 38.5%
- Neutral: 31.0%
- Bearish: 30.5%

Take the [Sentiment Survey](#).

AAll Asset Allocation Survey

Cash allocations rose to their highest level since last May, as equity allocations fell to a level not

seen since last summer. [More about the latest results.](#)

April AAI Asset Allocation Survey results:

- Stocks and stock funds: 67.5%, down 2.2 percentage points
- Bonds and bond funds: 15.9%, up 0.3 percentage points
- Cash: 16.6%, up 1.9 percentage points

April AAI Asset Allocation Details:

- Stocks: 31.2%, down 1.1 percentage points
- Stock Funds: 36.3%, down 1.1 percentage points
- Bonds: 3.1%, up 0.6 percentage points
- Bond Funds: 12.8%, down 0.4 percentage points

Take the [Asset Allocation Survey](#).

What's Trending on AAI

1. [Social Security and Medicare Can Raise Retirees' Tax Rates](#)
 2. [The Art of Creating an Investment Policy Statement](#)
 3. [The Basics of Real Estate Investment Trusts \(REITs\)](#)
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The Week Ahead

I will be speaking to our [Baltimore Chapter](#) this Saturday, May 5. Not in the Baltimore area? Come see me at our [2018 Investor Conference](#) this October.

First-quarter earnings season will stay busy, though with a larger number of smaller companies reporting. We'll still see results from many large companies, with 44 members of the S&P 500 scheduled to report. Included in this group is Dow component Walt Disney Co. (**DIS**), which will announce its results on Tuesday.

The week's first economic report will be the March JOLTS report, released on Tuesday. The April Producer Price Index (PPI) will be released on Wednesday. The April Consumer Price Index (CPI)

will be released on Thursday. Friday will feature April import and export prices and the University of Michigan's preliminary May consumer sentiment survey.

Four Federal Reserve officials will make public appearances: Richmond president Tom Barkin, Dallas president Robert Kaplan and Chicago president Charles Evans on Monday; and Atlanta president Raphael Bostic on Wednesday.

The Treasury Department will auction \$31 billion of three-year notes on Tuesday, \$25 billion of 10-year notes on Wednesday and \$17 billion of 30-year bonds on Thursday.

Local Chapter Meetings

AII Local Chapter Meetings offer you a variety of presentations from expert speakers who will give you their view on the world of investing. A bonus of attending a Chapter Meeting near you is the opportunity to meet other AII members who share your interest and enthusiasm for investing. You can even share the Chapter experience with your family and friends by inviting them to attend Chapter Meetings with you!

[Upcoming Meetings »](#)