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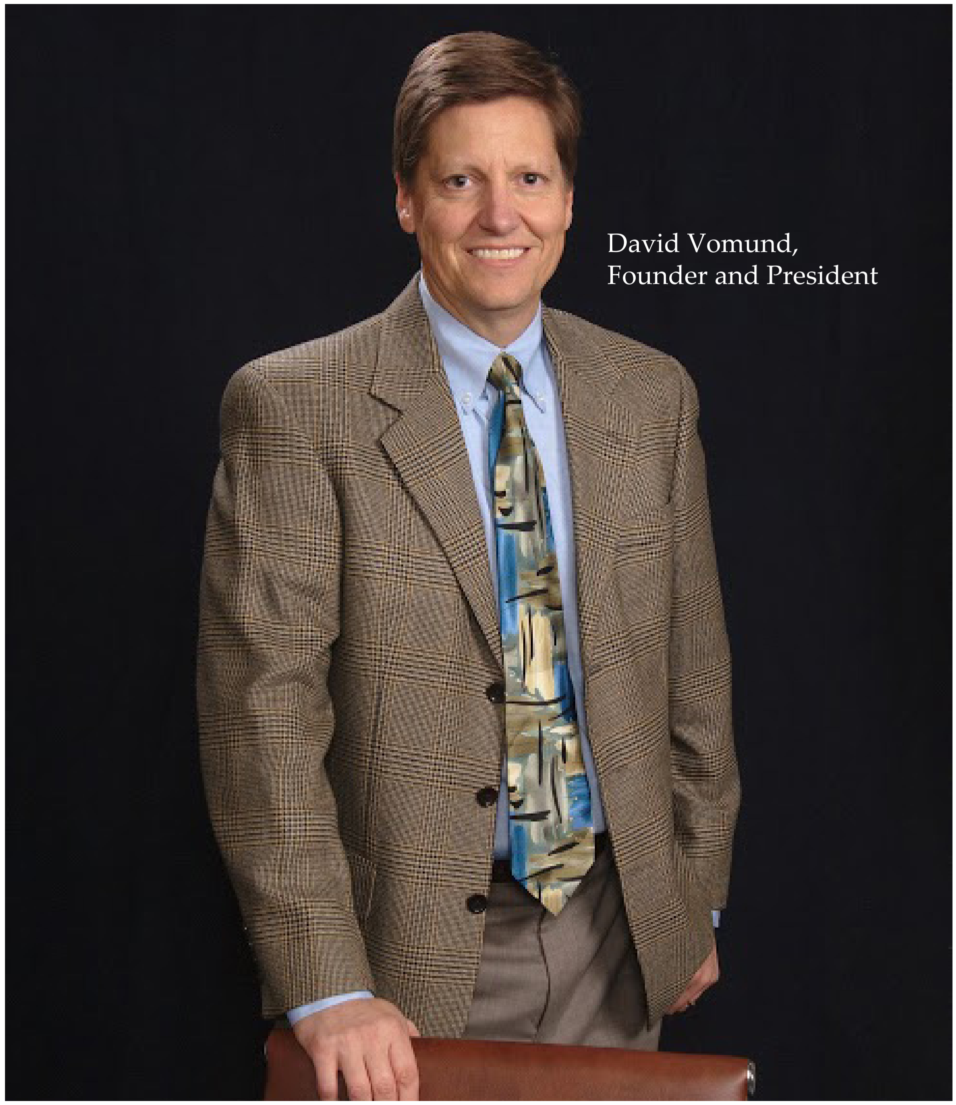
Reprinted from *The Suit Magazine*, www.thesuitmagazine.com

THE COMFORTABLE PORTFOLIO

Investing is not a one-size-fits-all formula where every investor who uses the same strategy makes gains. Vomund Investment Management recognizes that fund management means understanding the risk tolerance specific to each client as well as understanding the market conditions.



David Vomund, Founder and President

Financial markets have changed over time, especially in recent years, and money managers have had to adapt in order to protect their clients as well as their own businesses. Vomund Investment Management was formed in 1998 by company founder and president, David Vomund, after several years of publishing the newsletter called VIS Alert.

"If you look at the time that I've been a money manager, the market environment has really changed," said Vomund. "It started out as perfect for growth investors. Technology stocks were hot. Then we had two huge bear markets, and now six years of a near zero interest rate environment. What clients want to know and want to see is that you have the ability to offer a good service in all market conditions."

Vomund believes steady growth is more beneficial to the client than seeking large gains. "I'd like to have the simple goal of doing the best that I can for my clients," Vomund told The Suit Magazine, in an interview. "Providing them with steady, relatively steady and consistent returns. That's what they're after. I find most people are very happy if you provide an 8 or 9 percent return, instead of providing a huge return during up years and a huge loss during down years."

It also helps when clients commit to Vomund for the long haul, though most financial planners would agree. "What really doesn't work is the type of client where they're just chasing the hot money manager, or the guy with the recent hot hand, and then constantly switch to the new manager that has the hotter hand," explained Vomund. "Switching from manager to manager really doesn't work out for anyone. We've learned that instead of offering what I call the 'thrill of victory and agony of defeat' type of portfolio, we want much more consistent investments."

To give Vomund's strategy a baseball analogy, the fund manager says, "We're scoring by hitting singles and doubles instead of swinging for home runs."

One vehicle Vomund uses to provide steady and comfortable growth for clients is exchange-traded funds, or ETFs. "ETFs became a very important part of our business, and that gave us the flexibility to deal with market environments, too," said Vomund. "When growth investing is in favor, you can overweight portfolios with growth ETFs. When value investing or dividend-paying stocks are in favor, you can make a very easy switch to value-dividend paying ETFs, the same thing with large caps and small caps or even international ETFs."

Steady growth is proving better for clients, many of whom are living longer. Vomund Investment Management focuses solely on investments, and not on other aspects of financial planning or selling other services. "I am a little different than some other managers in that I really believe in focus," Vomund said. "I don't wear a lot of hats. And so my full focus is on managing people's portfolios, and making sure that they grow as much as they can, given their risk tolerance. That's all I do."

That risk tolerance has shifted over the past several years. Many investors who used to be more aggressive now take a more conservative approach.

"There was a time when clients were seeking returns well above what the market provided," said Vomund. "They really wanted the hot performance." Two bear markets: the burst bubble that occurred during the 2000 to 2002 tech boom and the financial crisis of 2008 have shifted investors and fund managers alike.

"It has really changed people's perceptions of the stock market. I find that most investors aren't trying to beat the market, because they look at the market as being too volatile, and too uncomfortable. What they want is a comfortable portfolio that provides relative, consistent returns. That said, they still need to own stocks."

A typical portfolio under Vomund Investment Management includes stocks – though the type and volume depends on risk tolerance – and most clients also own fixed income instruments and preferred stocks. The key is to adjust to the client's risk tolerance and not be too aggressive. "If you invest too aggressively, people don't stay invested during the entire cycle," said Vomund. Many clients exit and look for new money managers during low times if the volume of losses is too great.

"If you provide a comfortable portfolio, then they remain invested when times are bad, so that they can benefit during the recovery and the next bull market ." said Vomund.

Aggressive investing has a dark side, too. Vomund notes that many investors left the market in 2008 during the economic crisis. "If you bailed in 2008 – and a lot of people bailed in 2008 and never did get invested again – they missed a huge bull market simply because of being just too aggressively invested in their portfolios. Being comfortable with your portfolio is really the key."