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Strategic Diversification Can Help Protect Clients in All Types of Markets

Flexible Plan Investments, Ltd.

Jerry C. Wagner has learned much over 30+ years in the financial services industry, but one lesson stands out. “Simple passive asset allocation or buy-and-hold investing in a diversified portfolio is simply not enough to protect one’s portfolio.”

In Wagner’s experience, *active* management, with an emphasis on *strategic* diversification, is a much better way to protect clients’ portfolios during bear markets and maximize gains when times are good.

Unlike many wealth management firms, Wagner’s practice, Bloomfield Hills, Mich.-based Flexible Plan Investments, Ltd., is just as concerned about minimizing risk as with maximizing returns.

Wagner knows firsthand that any investment strategy, even modern portfolio theory-based asset allocation, “only works until it doesn’t.” He has found that the best way to protect clients from strategies that suddenly stop working is to create a diversified portfolio that employs a wide selection of asset classes through actively managed strategies designed to be nimble in various market environments.

At Flexible Plan Investments, the typical client portfolio contains from three to eight actively managed strategies such as high-yield bonds, long/short equity and long/short bonds. Some strategies seek to



FLEXIBLE PLAN INVESTMENTS AT A GLANCE

- Assets under management: \$1.4 billion (as of 5/30/2012)
- Founded: 1981
- Pioneers of active investment management and a founding member of the National Association of Active Investment Managers (NAAIM)

produce income, while others are focused on growth.

Custom Benchmarks, Realistic Goals

In addition to its emphasis on strategic diversification, the firm uses a proprietary process called *OnTarget Investing* to set, manage and monitor client expectations, including the creation of a custom benchmark tailored to the client’s strategy allocations, specific risk tolerance and needs. *OnTarget Investing* helps clients

and their advisors set realistic goals, and evaluate returns and monitor progress in relation to those goals on a quarterly basis. “We tell clients in advance what our research has shown for their particular portfolio of strategies, based on extensive research,” Wagner says. “We then report to them every quarter how well the portfolio is doing in reaching the original targeted goals. We’re constantly holding our feet to the fire.”

Between 1927 and 2012 there have been 15 bear markets. And unpredictable “black swan” events like 9/11 and the recent financial crisis seem to occur with increasing frequency. What’s an investor to do?

“We believe a portfolio that contains a mix of non-correlated, actively managed strategies is your best shot at surviving – and even thriving – in today’s treacherous financial waters,” Wagner says. “Every investment strategy we use is structured with a view to both the hard times and the good times.”



Flexible Plan Investments, Ltd.
Your partner in active wealth management

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