



PRATO CAPITAL



A BALANCED AND DIVERSIFIED PORTFOLIO

With equities up 30% in the US markets last year, why would investors look anywhere else for returns?

The US equity markets had very good returns in 2019. But, did you know the returns of the US markets lagged those of eight other countries last year.

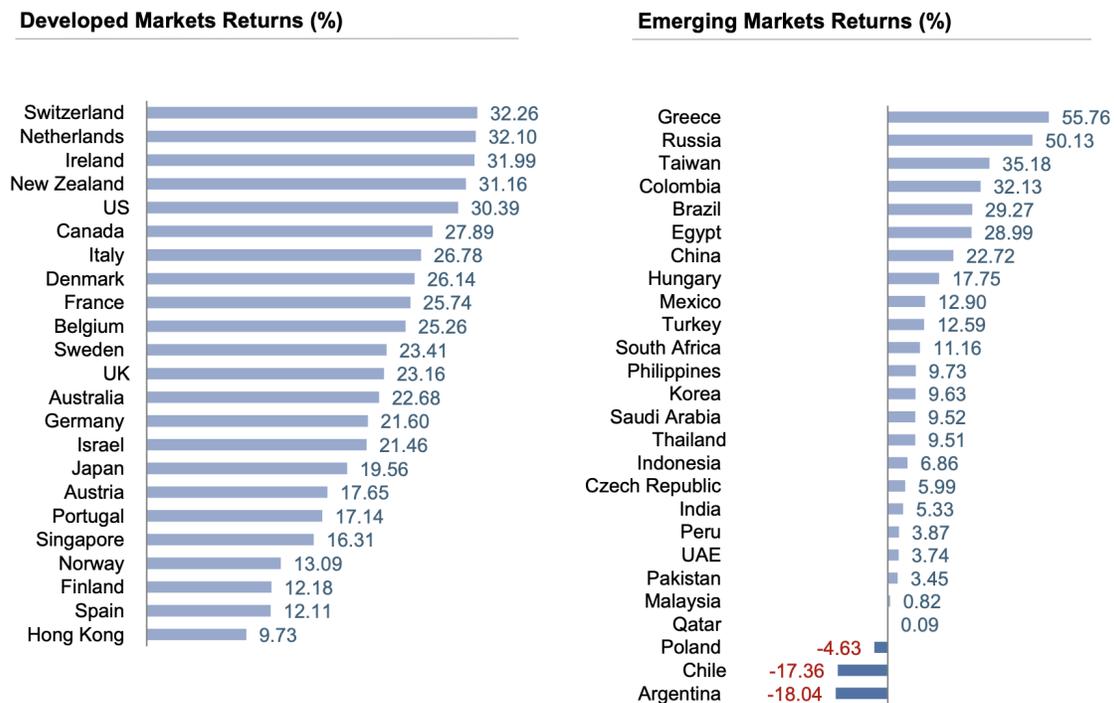
The Diversified Global Equity Portfolio

Over the past 20 years, the US equities markets have never had the highest market returns of all other countries. In 2014, the US market returns led the developed markets with a 12.7% return. But, during that same year, six emerging markets had higher returns with the Egyptian stock market returning 29.3%. Also over the past 20 years, the US stock market returns have placed in the lower half of developed markets 10 times.

Last year, among the developed markets, Switzerland had the highest market returns with over 32% and Greece led the emerging markets with almost 56%.

Exhibit 1 below shows global market returns for 2019.

Exhibit 1: 2019 Global Stock Market Returns:



This discussion of market returns shows two valuable points. The first being that returns outside of the US can be and often are greater than inside our own borders. The second point is in order to capture these stock market gains, you must be invested in a global portfolio.

The US equity markets are by far the largest globally, but they account for less than half of the total global equity market capitalization. At Prato Capital Management, we encourage our clients to maintain a portfolio that includes international and emerging market positions. A balanced and diversified global portfolio increases the chances of capturing the returns where and when they happen, and it decreases the overall risk and volatility of their portfolios.

What is the Impact on a Financial Life Plan

A globally diversified approach can deliver more consistent outcomes over time with less volatility than investing in individual countries. This helps our clients stay on track through all kinds of market conditions.

At Prato Capital, each and every client's portfolio is based on their current situation, future goals and risk tolerance. It is our view that a balanced, globally diversified portfolio provides more reliable long-term returns which increases the probability of success in our clients Financial Life Plan. And with a greater probability of success we are able to create and maintain a Financial Life Plan that allows our clients to stop trying to time the markets and chase returns, allowing them to see their financial future with clarity and peace of mind.

This allows our clients to stop worrying about the future and start looking forward to it.

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