



**HANLON**  
INVESTMENT MANAGEMENT, INC.

## 5 Keys to Managing Your Money in 2009

Most people know that this current recession started long ago, but the question on everyone's mind is, "where do we go from here?"

Common sense would tell you to pay attention and react to what the markets are saying and doing. As we saw in 2008, however, traditional Wall Street firms have not done a good job of that. That's where Hanlon Investment Management can help you. In keeping with our tradition of bringing the active money management strategies of the wealthy to a broader market, Hanlon recommends 5 keys to managing your money in 2009:



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### 1. Attempt to avoid the big losses – be prepared to go fully defensive.

Now more than ever, you need to attempt to know the precise moments to move in and out of the market during the most volatile investing period on record. The Dow Jones Industrial Average experienced 13 of its top 20 biggest point moves, in both the up and down directions, in its 112 year history in 2008.

No one, of course, has a crystal ball, and for investors who remained in the market the entire time, the DJIA 2008 return was **-33.84%**, its worst annual performance since The Great Depression in 1931<sup>1</sup>. Other major equity indices fell more than that. Click [here](#) to download the [All-Time Top 20 Largest Dow Jones Industrial Average Changes](#). You need to realize that there are times when many, if not all, asset classes are going to decline somewhat or significantly. Under these conditions, an investment in money market funds can be the most attractive asset class. As 2008 has reminded us all, a large drop in your portfolio, perhaps as great as 50%, requires a 100% gain just to get back to even.

### 2. Don't "buy and hold" anything forever.

The traditional "buy and hold" strategy was founded on the principle that diversification among various types of investments (asset classes) should reduce risk. Recent years have proven that this strategy is not providing investors with the type of returns and reduced risk they seek. Hanlon believes there is way too much risk in this outdated strategy, and that your portfolio should be more active. If your portfolio defense mechanism is to "rebalance" or "average down," is that really a portfolio defense mechanism? How can you average down if all your money is already invested in the portfolio?

### 3. Remove fear and greed from the equation.

Fear and greed are the two biggest enemies of the investor. Our emotionless model relies on both price and non-price indicators and analysis to determine when we are in/out of the market based on our view of the current risk. With our portfolio management strategies, we attempt to remove fear and greed from the equation. One of the single most important things you can do in portfolio management is to separate analysis from emotion.

### 4. Regardless of where your portfolio value is right now, don't be frozen.

Even if you have taken significant losses, now is not the time to sit back and do nothing. Right now, in fact, is the time to make a change. It's not reasonable to expect a different outcome while continuing to do the same thing. Another reason to consider making a change is that maybe the markets have not finished going down yet.

### 5. Position yourself to get back into the market when the time is right.

Even if you have already taken a defensive approach and invested in the money market asset class, it is equally important to have an offensive approach to take advantage of the next possible upswing in the market. It is



critical for you to have the right professional money manager who can attempt to determine when the market's strength is building so that you can attempt to get reinvested at the opportune time.

## The Hanlon Solution – Active Money Management

Hanlon attempts to participate in most of the market's upside and miss most of the market's downside. We have done that by following the market trends, which tell us when to buy and when to sell.

### Hanlon Investment Management Managed Income Portfolio Buy/Sell Chart



Our Active Money Management approach offers great opportunity to lock in gains and keep them.

Click [here](#) to watch our new video [The Hanlon Solution: Active Money Management](#)

Click [here](#) to download a chart illustrating [Hanlon's Performance Track Record vs. S&P 500](#)

What will the future bring? While no one knows for sure, we can safely expect that there will be more volatility. The key is how you harness that volatility and use it to your benefit. Active Money Management is The Hanlon Solution, and there has never been a better time to put it to work for you.

*Sean*

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