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# HORTER

## Investment Management, LLC

*Valuing A Client's Best Interest Above All*

**By Lisa Stephenson Powell**

Given the roller coaster activity the stock market experienced in 2016 – plunging more than five hundred points in January, only to edge excitedly toward a twenty thousand point finish in December – coupled with an unsettled global finance, it would be interesting to ask Alexander Hamilton, the first Secretary of the United States Treasury, if he continued to embrace his philosophy that, “A national debt, if it is not excessive, will be a universal blessing to our country.”

Drew K. Horter, Founder and Chief Executive Officer of Horter Investment Management, LLC (HIM) described the twenty trillion dollars of debt currently held by the United States as, “The greatest challenge that keeps me awake at night.” And the quandary brings concerns that are tied to the essence of our society: how to pay down the debt as aging baby boomers strain Medicare, Medicaid and Social Security; how to achieve a balanced budget and reduce deficits; and how to establish a growing economy at three to four percent per year.

New rules established by the Department of Labor, which will be in place by April, require investment advisors to make decisions that are in the best interest of their clients for their IRA and rollover assets, and to maintain a fiduciary standard. HIM, which was founded in 1991, has approximately two hundred and fifty Investment Advisor Representatives nationally who are objective, fee-based, and who utilize insight from several third party managers at HIM to manage portfolios. They fuse academic knowledge with “real world” experience, and counsel pre-retirees, retirees and conservative investors who need low risk, but excellent performing portfolios. “We speak with them about the flow of money, how volatility affects the stock market and provide them with a realistic perspective about making better choices,” he said.

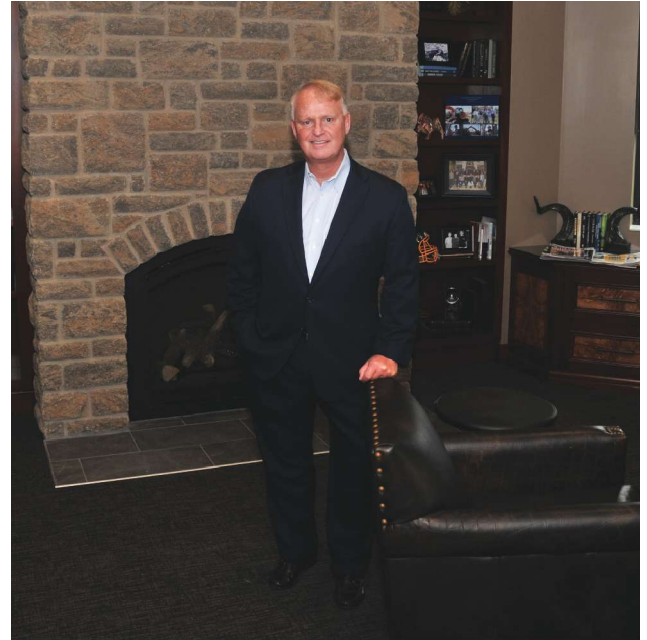


Mr. Horter explained some of the variables that currently exist in the financial environment. When he entered the industry in 1982 the thirty-year U.S. Treasury Bond was near fifteen percent -- it is now three percent. The escalation of interest rates may result in a decrease of bond values and although stocks are trading at approximately twenty-six times earnings (Shiller P/E 10 Ratio), interest rates have maintained historical lows. Many analysts foresee a possible correction in the stock market due to the recent earnings recession and with stocks moving much higher after the election.

“I tell our advisors they are part financial advisor and part psychiatrist because clients do not have a good understanding of the various aspects of risk. We calm their nerves by reassuring them that their holdings can increase in value with less risk and volatility.”

Public assumptions – correct and incorrect – are limited to buy and hold assets (primarily asset allocation models with sixty percent in stocks and forty percent in bonds) in their portfolio and they hope for the best. Many people know that stocks are riskier than bonds, but do not understand much of the real risk of their total portfolio design. Mr. Horter pointed out that all investment management should begin with a risk management discussion, and advisors at HIM examine the top holdings in a portfolio to determine their performance strength, and downside risk (drawdown) and volatility.

*Horter's new National Headquarters building in Symmes Township, Ohio*



“As a fiduciary our obligation is to share the good, the bad and the ugly of their existing asset allocation portfolio with our client as it relates to risk tolerance,” Mr. Horter said, “which involves telling them what the risk is, gauging their comfort level with that risk and, then, taking appropriate action based on their own risk tolerance.” HIM practices tactical asset management which hedges against the volatility of the stock and bond markets. Although it’s impossible to predict the future from a crystal ball, Mr. Horter offered cautious predictions that may result now that Mr. Trump is President. Interest rates will rise (“long overdue”) with the first businessman in the White House, trade agreements will be redone, regulations will be decreased, steps will be taken to keep companies in the US and a revamped corporate and individual tax structure will be enacted. Investors from the ages of twenty to seventy will be obliged to reassess their portfolios to accommodate a longer life. The pool of money that seniors have at sixty-five may have to sustain them until the age of ninety or longer. With the volatility the past sixteen years and the two fifty percent drops in the stock market, reassessing their risk tolerance is paramount.

“Human beings are emotionally driven, whether it's toward the positive or the negative,” he explained. “We always present our clients with a realistic picture, which focuses on their knowledge of investments, while managing their expectations, and changing their portfolio to meet those expectations. I've been very fortunate during my career,” he added. “After I graduated from the University of Cincinnati it took me five years to decide what I wanted to do, and after I chose the investment profession, I've always kept the best interest of a client forefront in my decisions. In 1987 I decided to become fee based and not commission based with my securities license. I have the best job in the world -- although it isn't just a job -- because I'm able to impact the lives of our advisors, their families and their clients, and it's my passion to protect, and to be dedicated to, saving as many financial lives as possible.”

*\*Investment advisory services offered through Horter Investment Management, LLC, an SEC-Registered Investment Advisor. Horter Investment Management does not provide legal or tax advice. Investment Advisor Representatives of Horter Investment Management may only conduct business with residents of the states and jurisdictions in which they are properly registered or exempt from registration requirements. Insurance and annuity products are sold separately through Horter Financial Strategies, LLC. Securities transactions for Horter Investment Management clients are placed through Trust Company of America, TD Ameritrade and Jefferson National Life Insurance Company.*

