



Combining Active and Passive Management

For years there has been an ongoing debate about using active or passive money management for one's investments. Both active and passive management offers compelling reasons to substantiate their positions.



At Intermountain Wealth Management, we think there is a place for both active and passive management in our client's portfolios. We will consider the S&P 500 Index for our discussion. The S&P 500 Index represents the top 500 publicly traded companies based on (market capitalization) size.

Active management. Actively managed mutual fund use a manager and staff that rely on analytical research, forecasts, and their own judgment and experience in making investment decisions on what securities to buy, hold and sell. Rather than just owning all the 500 companies represented in the S&P 500 Index, an active manager feels that of the 500 companies represented

some will outperform while others will underperform. They do research to find the best potential opportunities for your hard-earned dollars. Because there are people employed conducting researching and making decisions, there are higher fee associated with their services than with passive management.

Passive management is just the opposite. Index mutual funds do not have active managers, which means their portfolios mirror the components of the S&P 500 Index; therefore, you are investing in all 500 companies, both good and bad, when buying the S&P 500 index. Since there is not a manager or staff doing research buying or selling, the fees are much lower.

Intermountain Wealth Management incorporates active managed mutual funds in areas that make the most sense - for example, if we are looking for high yield, international exposure or emerging market exposure in stocks or bonds we will use active managers. They have boots on the ground analyzing the political risk, currency risk, liquidity risk, credit risk and other factors that can affect investment performance.



If we simply want exposure to the broad United States stock or bond market, we will use passive indexed investments like exchange traded funds (ETF's).



2016 IRA Contribution Deadline

Time is running out if you have not made your 2016 IRA contribution. The deadline for making a 2016 contribution is April 18. The maximum contribution in 2016 is \$5,500. If you are age 50+ then the maximum amount is \$6,500.

To learn how Intermountain Wealth Management can help you manage your investments, please contact us.

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Intermountain Wealth Management is a Registered Investment Adviser. The company manages several fee-based portfolios comprised of various equity and fixed-income investments. The Hurricane Indicator™ identifies potential changes in long-term market trends and does not guarantee performance in a client's account(s). The Hurricane Indicator™ is based on research and data believed to be reliable. Past performance does not guarantee future results and there is no guarantee results will be profitable. The Hurricane Indicator™ has given other signals; please ask for specific details. The S&P 500 is an index and cannot be purchased directly.

