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The Benefit of Financial Advisors

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JMDinvestments

Tuesday, March 11, 2014

The Benefit of Financial Advisors

Many individual investors believe that the primary role of a financial advisor is to "pick stocks." However, research shows that not only are active managers not able to outperform the market consistently, but that the security selection piece is really not the most important determinant of portfolio return. The key issue is asset allocation. A recent report ([see article here, InvestmentNews](#)) suggests that financial advisors can add value, but primarily from activities unrelated to security selection: determining asset allocation, helping clients avoid behavioral errors, facilitating rebalancing, reducing fees, and managing taxes and withdrawals.

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