

PORTFOLIO

5 Dumbest Investing Bets



By Allan S. Roth
June 15, 2015

When I look at professionally designed investment portfolios other advisors have assembled for clients or prospects, I nearly always find something that concerns me. Maybe it's because of fees, or because they're choosing active rather than passive strategies. I can even debate the validity of "core and explore."

But roughly 80% of the time, I see one or more of these five really dumb investment strategies.

Absolutely none make sense. And they have virtually no chance of working for the client. Admittedly, many advisors don't actually know that they are executing any of these five strategies, though that won't console clients much.

Here are the five strategies I suggest you avoid.

1. GAMBLE IT AWAY

Clearly, it would be illegal to siphon off some of our clients' money and gamble it away in Las Vegas. Anybody would see the obvious folly; after all, every Las Vegas game (from blackjack to craps) is staked in favor of the house.

Clients understand that an advisor needs to take some risk to get returns, but they want advisors to invest money in vehicles that at least have some expectation of gains.

To be fair, I've never actually seen advisors literally take their clients' money to Vegas. But that's essentially what they are doing when they invest in certain alternative

