

Leigh Baldwin & Co.
Investment Brokerage

112 Albany Street
Cazenovia, NY 13035
www.leighbaldwin.com

PRSRT STD
US POSTAGE PAID
CAZENOVIA NY
PERMIT NO. 25

**LEARN ABOUT
THE BENEFITS OF
INVESTING IN
MUTUAL FUNDS**

Copyright 2002 by Randy Glasbergen.

**INVESTMENTS AND
FINANCIAL PLANNING**



**“My investing club has been meeting for four years.
So far we’ve invested \$500 in stocks, \$100
in bonds and \$3000 in coffee and cake.”**

Leigh Baldwin & Co. Investment Brokerage Newsletter

Second Quarter, 2005

IN THIS ISSUE

- The Benefits of Investing in Mutual Funds
- Creating a Financial Life That Reflects Your Values

Leigh Baldwin & Co.

Investment Brokerage

Main Office:

112 Albany Street
Cazenovia, NY 13035
315-655-2964 • 800-659-8044
www.leighbaldwin.com

Utica Office:

258 Genesee Street
Utica, NY 13502
315-734-1410

Norwich Office:

2 Hayes Street
Norwich, NY 13815
607-334-4100

Other Offices:

Syracuse, NY
Buffalo, NY
Clarks-Summit, PA

Mutual Funds

Profile of a Mutual Fund

A mutual fund is a group of stocks or bonds administered by professional money managers. Mutual funds have become very popular as a convenience to investors who do not have the time to manage their investments.

Investors also anticipate a lower risk from the mutual fund's diversified portfolio.

Open-end and Closed-end Funds

OPEN-END FUNDS, which are in the majority, do not have a fixed number of shares. Whenever an investor wishes to buy shares in a fund, the mutual fund issues new shares. Investors may sell their shares back to the fund at any time. The price per share or net asset value is calculated by dividing the total value of the mutual fund by the number of outstanding shares.

CLOSED-END FUNDS have a fixed number of shares. Brokers buy and sell these shares on the open market. The price per share changes depending on supply and demand.

Advantages of Investing in Mutual Funds

- ☑ Reduction of Risk
- ☑ Professional Supervision
- ☑ Liquidity
- ☑ Automatic Reinvestment

Reduction of Risk

The principal advantage of investing in mutual funds is the lessening of risk by portfolio

diversification. A mutual fund will acquire interests in numerous companies, often from diverse industries. Market fluctuation is diminished by the fund's ability to balance its portfolio. An individual is unable to acquire such a varied array of investments without the availability of millions of dollars. However, the goal of diversification can be easily achieved by purchasing shares of a mutual fund.

Professional Supervision

Having purchased shares in a mutual fund, the investor can enjoy the peace of mind provided by professional supervision. The fund's experienced management team is especially adept at analyzing stock trends, economic data, and potential growth opportunities. The managers utilize their expertise to supervise and adjust the fund's portfolio on a daily basis.

Liquidity

The mutual fund investor has the distinct advantage of access to his invested funds. His money is almost as liquid as if it were in a savings account. The fund will redeem any shares for cash at any time. Call your **Leigh Baldwin & Co.** investment broker for current price quotes.

Automatic Reinvestment

Mutual funds grow in value as the securities in which they invest pay interest or dividends to the fund, or when they sell those securities at a profit

(capital gain). The investor can choose to have his share automatically reinvested in additional shares of the fund to provide the potential for compounded growth. Or, it is possible to receive some of the income (dividends and interest) in cash and reinvest the rest (capital gains).

How to Choose the Right Mutual Fund

The goal of an investor may be to receive current income, growth in value, or a mixture of both. An investor has different objectives and priorities at different stages in his life, depending on his financial condition. Because of the abundant variety of mutual funds offered, an investor can easily achieve his investment goals. Your **Leigh Baldwin & Co.** investment broker has the expertise to recommend a mutual fund that is right for you. ■

Creating a Financial Life That Reflects Your Values

Reviewing where and how we spend our money is vitally important for all of us, no matter how well we control cash flow and maximize our savings. Even people who meticulously keep track of their spending have usually not assessed if the money they do spend is in line with their priorities and values. Developing a values-based spending plan is helpful not only in reaching your financial goals, but also in creating a financial life that runs in concert to what is truly important to you.

The first and most important part of this exercise is to determine what you value most. We suggest the following exercise to reflect on your values. Set aside quiet time to think about each of the following aspects of your life: family, community, personal growth, spiritual, and health. For each area write about all of the things that are important to you. When you think you are finished, write some more. Once you have

thoroughly explored each of these areas, go back and identify the most important points you have written in each section. Then go back again and prioritize each of the important items. At the end of this exercise you should have a prioritized list of what you value most.

The second step in this process is to list the amount you spend and what you purchase. For some people this is easy. They keep track of their spending on a regular basis and can access this information quickly. For others, however, coming up with a summary of their spending is more of a challenge. To compile this information we suggest you review the past twelve months spending to summarize your expenditures into detailed categories using your check registers and credit card statements for the last year. The more detailed you are the more useful the information will be in the values-based budgeting process. For



Managing Your Money

example, instead of having just one category for clothes, divide this into subcategories such as: clothes for the kids, my clothes, and my spouse's clothes. It may be challenging and time-consuming to reconstruct this information, but you'll end up with a useful spending record.

Using a budgeting software package to assist you will help organize the categories and calculate the totals. One of the most popular financial planning software programs available today is Quicken (www.quicken.com).

Once you have a listing of your spending for the past year, you are ready to begin assessing if you are allocating your money in ways that are truly important to you.

Now you can review your expenses and see if your spending corresponds with your goals. Let's look at Mary's situation as an example. When Mary prioritized her values, she realized it is vitally important to her to assist her children to be independent, happy and successful members of society. Mary believes one important way to help is to provide for their higher education. When she looked at her spending plan she found that the majority of the spending for her kids was on clothes, camps and activities. Very little was being saved for their college education. When Mary determined how she was allocating money for her children she realized that she was not supporting what she really valued. She decided to cut back on activities for her children and find less expensive summer camps so she could increase her contribution to

their college savings plan.

Similarly, Melanie changed her spending after taking a values-based look at her budget. One of the top priorities for Melanie is to constantly be growing and learning. When she looked at what this meant to her, Melanie realized that she desired to travel abroad on a regular basis. In order to build this into her budget she would need to spend less on things that, after careful consideration, seem so much less important to her—things such as regular manicures and health club dues (she stopped going to the club after the second month of her membership).

Have you taken a values-based look at your spending?

Call Today!

For more information on how to create a financial plan the works for you call your **Leigh Baldwin & Co.** investment broker today. ■

"Breakfast on Wall Street"

Listen to Leigh Baldwin and Ken Iselmoe each week as they host "Breakfast on Wall Street" each Saturday morning at 11 a.m. on WHEN 620 AM or on Sunday morning on WKXZ 93.9 FM at 8 a.m. They will take a look at the week on Wall Street in their own imitable style.



NASD NATIONAL ASSOCIATION
OF SECURITIES DEALERS

Mutual fund companies will redeem outstanding shares at the current net asset value which is determined at the close of the business day. The net asset value will fluctuate with market conditions. When redeemed, the mutual fund net asset value may be worth more or less than the original cost. Before investing in a mutual fund, please obtain a prospectus. Read the prospectus carefully before you invest or send money.

The information herein has been obtained from sources we believe to be reliable but is not guaranteed and does not purport to be a complete statement of all material facts. This newsletter is for informational purposes and is not a solicitation of orders to purchase or sell securities.