

Road To Personal Wealth Top Picks For Your Money

By Tracey Porpora

At a time when uncertainty plagues the stock market due to factors like national economic woes and pending conflict with the Middle East, many investors are seeking solid investment vehicles that will keep their money “safe” -- and maybe even make it grow. But the big question plaguing many investors is: What are the best stocks, bonds and mutual funds to invest in now?

Fernando Garip, chief investment officer for Commerce Bank, which has 200 branches in New Jersey, believes the answer to this question is to invest in companies that pay generous dividend yields. “Generous dividend yields imply that the company is earning that money for real, and has the cash flow to pay shareholders,” he said.

For example, food companies, which weren’t popular investments in the late 1990s because of competition with technology stocks, are generally lower risk investments. “There are some good investments out there in companies that pay reasonable valuations, have generous dividend yields and are in relatively stable businesses. You can hold onto those stocks for five years and be OK,” said Garip, noting that good examples of “stable” companies are Heinz and ConAgra Foods.

A type of fund considered favorable, especially for long-term investors in their 20s and 30s, are balanced mutual funds, which are made up of both stocks and bonds. “With a broadly diversified balanced fund you’re not going to get burned in markets that go down, and you’ll have exposure to equities that long-term investors really need,” said Jeff Molitor, principal and director of portfolio review for The Vanguard Group, based in Valley Forge, PA.

Meanwhile, financial experts warn that bond funds – a vehicle where investors recently sought refuge from stock volatility -- may lose value in the coming year if

interest rates go up. “When you’re buying a bond mutual fund you don’t have a fixed maturity date or fixed maturity value, it’s an open ended instrument. So if interest rates go up, there is no guarantee you will get back what you paid,” said Garip.

One rule of thumb for investing is to always maintain a diversified portfolio. Joe Battipaglia, chief investment officer for the Livingston-based Ryan Beck & Co., said his general recommendation for diversifying equities is: 20%, healthcare; 18%, consumer discretionary; 14 %, financial services (small to mid-sized banks); 14 %, information technology; 13%, industrial markets; 6%, energy; 5%, consumer staples; 4%, telecom; 4%, materials and 2%, utilities. “This is based on the expected growth rates in each category, and relative size of the category in the investment marketplace. With this blend, we think you’ll get as good a performance as you can get,” he said.

Meanwhile, if you’re still not confident in stock market investing, money market accounts, certificates of deposit (CD) and treasury bills are good mainstay investment vehicles. “If you’re sitting with money that is not going to be used immediately, a CD often makes sense because you will get a higher interest rate than a savings account,” recommends Ralph Weeks, vice president of marketing for the Paramus-based Hudson City Savings Bank, which has 81 branches in New Jersey.