Q: I'm frustrated with my portfolio. It's growing – but too slowly. How can I speed it up?

A: Aside from investing more, you may not want to do anything differently because, other than just being lucky or receiving an inheritance, there's really no way to get rich quickly. When you attempt to do so by speculative investing, you substantially increase the risk of financial devastation. The key is to build wealth prudently and slowly over time, using evidence-based, tried and true strategies.

Some studies show that many people known as high-net worth investors – those with investment assets totaling more than $3 million – who rise from middle-class or poor backgrounds, most often do so by building their wealth gradually.

They don't have a silver bullet or a scheme to get rich overnight. Instead, they build their wealth over the long term through disciplined, careful investing. They tend to earn these gains with a long-term buy-and-hold strategy consisting of a globally diversified portfolio of stocks and bonds.

Of course, the reason this works for them is that it's part of a comprehensive strategy based on a sound financial plan and a well-thought-out asset allocation – the assignment of different amounts of money to different types of investments and asset classes, in what's known as a diversified portfolio. And having a beautifully diversified portfolio can not only help reduce risk,

but may increase long-term expected returns.

To maintain the right balance of one type of investment to another over time, you want to rebalance your portfolio periodically to restore it to its original settings—for example, 50 percent in stocks and 50 percent in bonds. Over time, this target percentage will get out of whack. Rebalancing means you would sell some of the appreciated investments to raise money to buy more of what has become underweight its original target percentage.

Maintaining these proportions helps you keep your portfolio in line with your risk tolerance. If you're particularly risk adverse, you might want a significant percentage of your portfolio to be in government, or investment grade bonds because they tend to be more stable than stocks and their values often don't move in the same direction as stocks. Thus, these types of bonds can be your best friend during temporary stock market declines such as what we experienced in 2008.

Maintaining a diversified portfolio requires significant patience and discipline—meaning that you don't sell impulsively – you don't panic – when things get rough and markets decline. Instead, you stick to your plan and ride out the storm knowing that the sky will become blue again. All too often, investors panic during declines and choose to sell at a loss. Then they wait until the market has come up again, and end up buying back in at higher prices. Thus, they never get ahead. Almost always, they'd be better off just accepting the temporary declines, choosing not to sell and thus not losing.

Numerous studies have shown that steady, buy-and-hold ownership trumps market timing and panic selling because selling low, only to buy back in higher later on, significantly eats away at long-term gains. Buy and hold is a strategy that's even endorsed by Warren Buffett, who offers this prescription: "When we own portions of outstanding businesses with outstanding management, our favorite holding period is forever," he said. "If you buy good companies, and buy them over time, they're going to do fine 10, 20, 30 years from now."
So instead of dreaming about getting rich quick, design a written, goal oriented financial plan which will show you how to grow your wealth slowly and steadily over time. Reject the hare and embrace the tortoise.

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