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Sound Off

What are some hot industries where investors should put their money?

 Premium content from Business First by Mary Jo Harrod, Correspondent

Date: Friday, July 20, 2012, 6:00am EDT

Investors are remaining cautious in uncertain economy

[John G. Kallis](#), chief operating officer, senior wealth manager, Meritrust Wealth Management

"Nothing is hot right now," said Kallis, who has been a financial adviser for 12 years. "Even the highly sought-after Facebook IPO turned out to be a flop.

"Investor sentiment remains cautious, largely due to concerns about Greece and Spain and the impact that austerity may have on those countries. Coupled with slow job growth in the U.S., it's easy to see why many investors feel better about holding onto their cash."

Kallis explained that should the economy in Europe deteriorate further and if Greece brings back the drachma to replace euros, the ride will get even bumpier.

The single theme that is consistent among investors is the search for yield, he said. With deposits, money markets and CDs paying next to nothing, Kallis said, generating income has proven to be a challenge.

The good news, he said, is that there are a variety of ways a skilled professional adviser can achieve a favorable return on cash.

Adviser suggests investments in stable, predictable sectors

[John Cunningham](#), financial adviser, UBS Financial Services

Equities in defensive sectors, such as utilities and food, will continue to do well, according to Cunningham, who has been a financial adviser for 30 years. Defensive sectors are those showing stable and predictable earnings, no matter if times are good or bad.

For the balance of the year, Cunningham said, UBS is favoring investments in companies with a higher exposure to the U.S. economy, expecting the technology and consumer staples sectors to outperform others.

The technology sector continues to have companies with positive, increasing earnings and improving balance sheets with lower risk, he said, and there is evidence that consumer spending trends will remain strong.

An improving labor market, easing credit conditions and lower consumer debt burdens are the major factors. UBS expects companies that sell nonessential goods and services to generate strong earnings per share growth over the next two years, Cunningham said.

Consultant advises staying away from hot industries

[Beth Stegner Peabody](#), president, Stegner Investment Associates Inc.

So-called "hot" industries are not really the way to go, according to Peabody.



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"One should never invest in a hot industry since by the time it is labeled as such, it's probably too late for individual investors," she said.

Instead, she recommends investors set a specific target based upon their age and risk tolerance, then diversify into stock and bond market segments.

"Any attempt to invest in a hot industry should be limited to a bet of less than 5 percent of these target amounts," she said.

At the moment, U.S. Treasuries appear to be the hot investment as yields on these types of bonds are at historic lows, she said.

Peabody, who has been an investment consultant for 28 years, explained that the hot sector of emerging markets in the first part of 2012 dropped from gains of 15 percent in the first three months to losses of the same amount in the month of May alone.

Industrial and IT sectors are promising industries

[Jonathan Upton](#), financial adviser, **Lamkin Wealth Management**

A financial adviser for nine years, [Jonathan Upton](#) likes the industrial and information-technology sectors, and, more specifically, the media industry group.

He said he believes industrials should perform well during the summer. He attributes this to a positive report in April from the Institute of Supply Management, strong corporate balance sheets combined with improving confidence of corporate executives, and an improving lending environment.

"We like information technology as expansion into emerging market economies continues to be strong, valuations remain relatively low, and innovation in data storage and cloud computing advance," he said.

He believes media is an attractive industry as social media expansion provides opportunities. He added that beefed-up election advertising spending also should prove to be beneficial, and the Olympic games in London this summer provide a compelling venue for business advertising.

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