If your investment portfolio trailed the S&P 500 index's 11.4% return last year, you might be disappointed. But one year of underperformance in an up market is actually a sign that your financial advisor is probably doing a good job for you.

The reason has to do with two key goals that good advisors focus on. The first is long-term performance—focusing on getting good results over several years, not just one given year. The second is what's known as risk-adjusted return: The amount of risk that an investor takes in an attempt to earn his or her returns.

Let's use a baseball analogy. If your advisor is swinging for the fences year in and year out, he may hit a home run at some point. But you can be sure that he'll strike out a whole lot.

That brings us to risk-adjusted return. This metric looks beyond a portfolio's return relative to the market, and measures how much risk is involved in producing that return. The goal in achieving good risk-adjusted returns is to make you money without putting your whole portfolio at risk.

If you earned 11.4% last year, it could mean that your advisor bet all of your money on the return of the S&P—that he closed his eyes and swung for the fences. If he did, and you earned the equivalent of the S&P's return, than he, and you, got extraordinarily lucky.

But imagine if the S&P lost 40% last year, similar to 2008. That same advisor's bet would have lost you 40% of your money. And by the way, because so much of your capital would have been destroyed, you would have had to earn 67% to make up that loss.

Risk adjusted returns are earned by diversifying a portfolio. That means that, rather than swinging for the fences by owning just S&P 500 stocks, you'll own a variety of investments, such as bonds, small-cap stocks, international stocks, or alternative investments like master limited partnerships.

The asset classes are carefully selected as counterweights to each other: As stocks fall, bonds may rise, and vice versa. When U.S. stocks are struggling, overseas stocks may be doing better.

Investors with a focus on risk-adjusted returns are happy to earn a little less than the overall market is up in exchange for losing a lot less when the market is down.

A good advisor, then, may not beat or even match the market in a given year. But over time, he may help you lose less in bad years, while earning respectable returns in good years. Over the several years that a full market cycle consists of, you should earn overall strong returns while limiting your risk. And that should help you sleep better at night while achieving your investment goals.