ASSET ALLOCATION

WHAT IS IT?

Asset allocation is how you allocate your money to different asset classes e.g. stocks, bonds, cash. The mix you pick has a big impact on both your expected return and the amount of risk you are taking.

Each person has an ideal asset allocation based on their:

- Investment strategy
- Goals
- Risk Tolerance

The overall goal of asset allocation is to achieve a certain expected return while maintaining a risk level that is in line with your risk tolerance and capacity. Including a mix of different assets in your investment portfolio allows you to diversify.

ASSET CLASSES

- STOCKS
- CASH
- BONDS
- COMMODITIES
- REAL ESTATE

22%
Increase in retirement income when using an advisor

40%
American households currently using a budget

95%
Advisors that Zoe denies, meaning the highest quality advisors for you

EXAMPLE:
REDUCE VOLATILITY & STAY DIVERSE

- 20% Large Cap US Stocks
- 10% Small & Medium Cap US Stocks
- 15% Intl Developed Market Stocks
- 5% Emerging Market Stocks
- 25% Long-Term Bonds
- 10% Short & Medium Term Bonds
- 10% Real Estate Investments
- 5% Private Investments

Your mix of assets will depend on 3 key factors:

- Your financial goals
- Your risk profile
- Your investment time horizon

FINANCIAL GOALS
Being clear about what it is you expect or require from your investments is key as it allows you to select assets that will get you to where you want to be.

RISK PROFILE
How much risk can you handle? Your risk tolerance and risk capacity will affect which assets are candidates for your portfolio.

INVESTMENT TIME HORIZON
The length of time that you wish to invest for is paramount to making sure that you have the right type of assets in your investment portfolio.

Source: zoefin.com

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