

Broaden your investment horizons

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“Don’t put all your eggs in one basket...” That’s common advice for investors, and for good reason. Spreading assets across different baskets – such as stocks and bonds – can help to lower risk if one or more baskets hit a rough patch in the markets.

While diversification is a good thing, there is another investment approach that can be effective but that you may not be aware of: it’s called active asset allocation.

What active asset allocation really means is that the amount of resources designated for each type of investment fund can be changed, depending on what the financial markets are doing. In other words, the numbers of eggs in each basket can be moved around strategically to help reduce risk and maximize returns over time. Deciding how many eggs to put in each basket and when; is done by experienced experts on behalf of investors.

What’s most important to investors, of course, is that the ability to adjust a portfolio’s positioning has been shown to reduce risk and improve returns over longer periods of time.

This active approach helps investors stay focused on their short-term and long-term financial goals regardless of market ups and downs.

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