# Investment Diversification Strategies

This playbook outlines the sequential steps to diversify investments across multiple asset classes to reduce overall risk. It aims to provide a structured approach to creating a balanced portfolio.

### Step 1: Review Portfolio

Evaluate the current investment portfolio to understand the existing asset allocation and identify areas of concentration risk.

### Step 2: Set Goals

Define investment goals and risk tolerance to guide the diversification strategy.

### Step 3: Asset Allocation

Decide on the target asset allocation that aligns with investment goals, considering various classes such as stocks, bonds, real estate, and cash.

### Step 4: Research

Conduct research on different asset classes and investment opportunities within each class to identify potential investments.

### Step 5: Investment Selection

Choose specific investments to build a diversified portfolio, ensuring they fit within the target asset allocation and risk profile.

### Step 6: Rebalancing

Establish a schedule for regular portfolio reviews and rebalancing to maintain the desired asset allocation over time.

## General Notes

### Continuous Monitoring

Diversification strategies require ongoing monitoring to adapt to market changes and personal financial changes.

### Diversification Limits

Keep in mind that while diversification helps to reduce unsystematic risk, it does not eliminate systematic risk and does not guarantee against loss.