

# 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.