

FINANCIAL FRIDAYS nymeo Federal Credit Union

All about Asset Allocation and Diversification



What does Asset Allocation mean?

Asset allocation is the process of choosing which asset classes are best suited for your portfolio. Generally, asset classes include equities, fixed income, cash, commodities and real estate. Once you've made that determination, it's time to consider how those asset classes will be diversified.

Diversify Your Portfolio

A good way to think about diversification involves a house window analogy. If you buy a house with a big window overlooking a golf course and you fit your window with a single pane of glass, and a golf ball hits it, the whole window breaks. Alternatively, if you use multiple, smaller panes instead then you'll only pay to replace one pane instead of many.

The same goes with diversification — the greater the number and variety of your investments, the better chance your portfolio won't shatter when it's hit by a market downturn.

The Returns and Risks

There's no way of predicting what sequence of returns your portfolio will experience. But having an appropriate number and variety of investments in your portfolio should help alleviate some of the risks so you won't have the high highs and the low lows.

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The markets don't care when you retire. But using diversification strategies can help spread the risk, so investments that do poorly may be balanced by others that do relatively better, helping you stay on course to retirement.

Interested in getting expert advice?

Brian, as a Nymeo member, remember that you have access to two seasoned financial advisors - Anna Behnam and Irene Tata. They can help help you create a balanced portfolio that meets your risk tolerance and time horizon needs. Set up a time to chat today!

Schedule a Complimentary Consultation



Anna A. Behnam
Financial Advisor



Irene Tata
Financial Advisor

How much does a financial advisor cost?

Your initial meeting with Anna or Irene is complimentary! Depending on your specific need, as well as the complexity of your situation, you may choose to pay for additional options. [Schedule a time to speak with them at your convenience.](#)

Investment products are not federally or NCUA-insured, are not deposits or obligations of, or guaranteed by any financial institution, and involve investment risks including possible loss of principal and fluctuation in value.

The initial consultation provides an overview of financial planning concepts. You will not receive written analysis and/or recommendations.



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Nymeo Federal Credit Union | 240-436-4000 | 855-436-4100 | nymeo.org
5210 Chairmans Court, Frederick MD 21703

