

## ASSET ALLOCATION



vEcoSys

**Asset Allocation is at the  
heart of personal finance**



# ASSET ALLOCATION

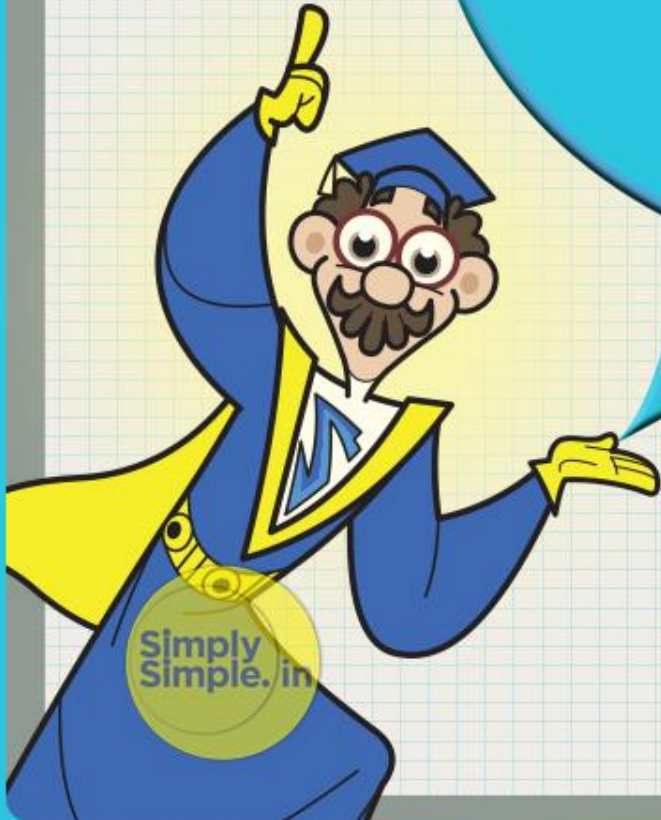


- What is asset allocation all about?
- If asset allocation means diversification, then may I ask what is diversification?



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Let's look at an example to get some idea about diversification and how it helps



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- ❑ **Let's look at the example of "Emirates"**
- ❑ **It is one of the finest airlines**
- ❑ **It also provides a very unique service**
- ❑ **The different air-hostesses in the air-craft are proficient in different languages. Some speak French, some speak Mandarin, some speak Spanish, some speak Swahili, some speak Hindi depending upon the sector they fly.**



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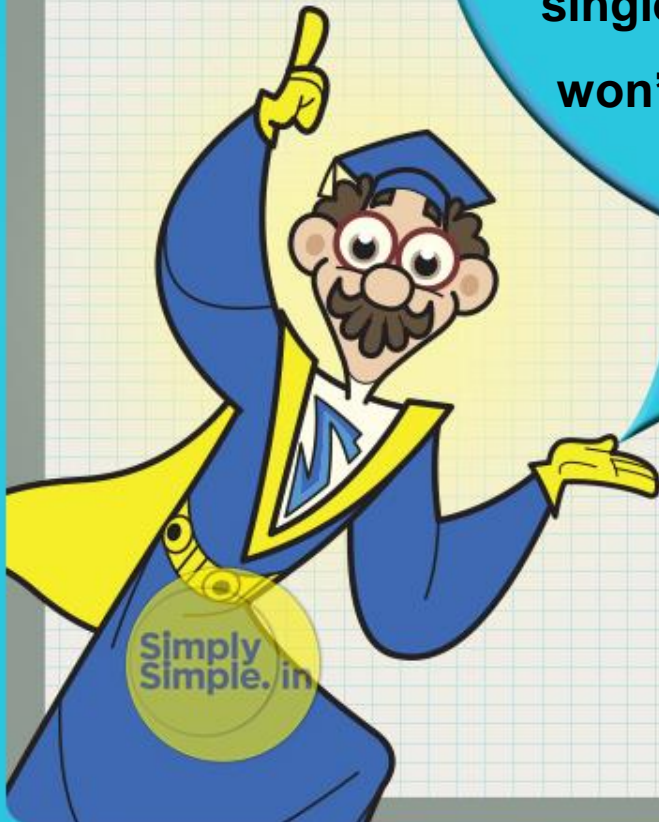
### How does this help?

- ❑ Since it is an international airlines, it flies across the world and has passengers from all over the world
- ❑ On some sectors knowing English alone does not work. Perhaps only French works in that sector. Hence the hostesses who speak French ensure that all is well.
- ❑ On some other sector perhaps knowing “Hindi” is essential and so on and so forth.
- ❑ Clearly different languages work in different sectors and having a staff knowing different languages ensures that all is well all the time



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Similarly in investments, not all asset classes work at all the time. Hence if one were to invest all his savings in a single asset class then certainly it won't be "all is well" all the time.



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Therefore, it is prudent to invest in several asset classes such as equity, fixed income assets, gold, other commodities, real estate etc because some asset class or the other will work for you by giving reasonable returns at all times, and all would be well at all times.





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**Asset Allocation is therefore at the heart of “Finance Planning”**

**It is the starting point towards designing your portfolio**

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**Hope this lesson has succeeded  
in clarifying Asset Allocation**

Thinking of Investment

Contact

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