Asset Allocation

INTERMEDIATE PRACTICE WORKSHEET

There's no wrong answer here - the goal is to think through your own situation, not to get a 'correct' score.

Section 1 - Your Time Horizon

When will you likely need this money? 5 years, 15 years, 30+ years? How does that change how much short-term volatility you can afford to take on?

Section 2 - Your Risk Tolerance

If your portfolio dropped 25% in a bad year, would you stay invested or feel pressure to sell? Be honest - this matters more than what looks good on paper.

Section 3 - Sketch a Starting Allocation

Based on Sections 1 and 2, sketch a rough stocks/bonds/cash split for yourself. There's no single right answer - just a starting point to refine.

Section 4 - Estimate the Trade-Off

Using the illustrative assumptions from the explainer (stocks ~9%/16%, bonds ~4%/6%, cash ~2%/1%), estimate your blended return and volatility.

Section 5 - Reflection

What would make you want to revisit this allocation in the future - a change in goals, age, or something else?