

How to Talk to Your Clients About Dynamic Asset Allocation

For many investors, the phrase “asset allocation” brings to mind the traditional 60/40 split between stocks and bonds. In today’s low-return market environment, however, the standard 60/40 asset allocation may not suffice.

At Astor, we believe the solution for investors is to include dynamic asset allocation in a portion of their holdings.

Here’s how we think about dynamic asset allocation:

The [S&P 500 has returned](#) approximately 9.25% annually since 1990, but with more than 15% standard deviation and two extraordinary, 40%-plus drawdowns. It is very hard for investors to “stay put” with a 60/40 portfolio through the market gyrations, including during potentially wealth-destroying events such as recessions.

In today’s fixed income environment, investors may have to take on more risk to achieve their return targets. (Source: [Wall Street Journal/Callan Associates](#))

Dynamic asset allocation allows investors to pursue their investment goals while potentially mitigating risk and controlling losses. At Astor, our dynamic asset allocation is predicated on the current trend of the U.S. economy—increasing exposure to equities during expansions and decreasing exposure to equities or even taking an inverse position during contractions.

For more information about dynamic asset allocation and Astor’s approach using the Astor Economic Index, please [watch this video](#) and read [our blog](#)

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