

HOW DIVERSIFICATION CAN HELP WEATHERPROOF YOUR PORTFOLIO



RETIRE WISE

Investors have become increasingly concerned about a potential slowdown or recession in the months ahead. While no one can predict with accuracy when specific market or economic events may occur, we know that eventually a downturn will occur, due in part to the cyclical nature of the markets and economy. That makes it important for investors to take steps to ensure their portfolios are positioned to weather any storms that may come their way in any market climate. Diversification is one of the most powerful tools investors have to help them accomplish this goal.

Diversification is the process of spreading assets across multiple investment types and asset classes to help limit exposure to any one asset. The goal is to provide a more predictable path for pursuing risk-adjusted returns. However, simply investing in several different funds or asset classes doesn't necessarily constitute a well-diversified portfolio. Broad diversification takes many factors into consideration, including concentration risk and the correlation between markets and investments. As a result, it can be difficult for individual investors to achieve the same level of diversification found in professionally managed investment portfolios.

The role of diversification in managing risk and return

To effectively manage risk and return, professional managers seek to spread portfolio assets across a broad mix of securities. Depending on a portfolio's objectives, these may include stocks of small and large companies, U.S.-based and international equities, short- and long-term bonds, and both international and domestic bonds. Additional investment considerations may include real estate and other alternative investments, as appropriate for an investor's age, objectives, risk tolerance, and timeline.

Diversification reduces concentration risk, which is the potential for outsized losses when a large portion of an investor's holdings are invested in a single investment, asset class, or market segment. For example, if you're only invested in technology stocks and that sector experiences a significant downturn, you could see a commensurate loss in portfolio value. On the other hand, if you hold investments in many different asset classes and sectors, investments that are performing well could help buoy overall portfolio value, depending on how assets are correlated.

Correlation is the degree to which different securities, asset classes, or markets move in relation to one another. Allocating money to different asset classes with low or no correlation can help reduce portfolio volatility and potentially improve risk-adjusted returns. That's because when one investment or asset class is doing poorly, others may be performing well, helping to smooth out volatility and returns. It's important to remember that investing involves risk and diversification alone cannot guarantee returns or protect against investment losses.

To learn more about strategies for managing risk and return in any investment climate, call the office to schedule a time to talk.

Protecting and Improving Mental Health as You Age

Since 1949, Mental Health Awareness Month has been observed in May, and each year more individuals and organizations come together to raise awareness and advocate for improved mental health resources and care. While people of all ages, from children to adults, stand to benefit from increased awareness of mental health, healthcare providers are seeing a growing need for support among adults aged 60 and over.

Currently, about 14% of adults aged 60 and over live with a mental health condition, the most common being depression and anxiety. Ageism, social isolation/loneliness, abuse, dementia, substance abuse, and hearing loss are all risk factors that can lead to depression, anxiety, and other mental health conditions in older adults. Even more worrisome, just over a quarter of deaths from suicide (27.2%) are attributed to seniors.¹

Since one in six people in the world will be aged 60 or older by 2030, many healthcare experts believe now is the time to take steps to eliminate the stigma associated with mental illness. That begins with highlighting the importance of early intervention and educating older Americans on treatments, support groups, and crisis services, including those listed below.

If you or someone you know is struggling with depression, anxiety, or other mental health challenges, contact your healthcare provider or visit the sites below to access support and resources:

- **988lifeline.org** offers 24/7 confidential support for people in distress. Call, text, or chat with a 988 Lifeline counselor for help during difficult moments anytime, day or night.
- **FindTreatment.gov** helps people seek treatment for mental and substance use disorders
- **Nimh.nih.gov/health/find-help** the National Institute of Mental Health outlines additional mental health services and answers questions about finding treatment and support

1) "Mental health of older adults." Who.int, 20 OCT 2023, <http://www.who.int/news-room/fact-sheets/detail/mental-health-of-older-adults>.



Scott E Holstein

seh@prudentwm.com

(800) 458-9330

Prudent Wealth Management, Inc.
Wealth Manager | Financial Advisor

<http://www.prudentwm.com>



This information was written by KRW Creative Concepts, a non-affiliate of the broker-dealer.

This communication is designed to provide accurate and authoritative information on the subjects covered. It is not, however, intended to provide specific legal, tax, or other professional advice. For specific professional assistance, the services of an appropriate professional should be sought. For a comprehensive review of your personal situation, always consult with a tax or legal advisor. Neither Cetera firms nor any of its representatives may give legal or tax advice.

[Make a phone appointment](#)

Registered Representative offering securities and advisory services through Cetera Advisor Networks LLC, member [FINRA/SIPC](#), a broker/dealer and Registered Investment Advisor. Certain advisory services and financial planning services offered through Vicus Capital, Inc., a federally registered investment advisor. Cetera is under separate ownership from any other named entity.

Confidential: This email and any files transmitted with it are confidential and are intended solely for the use of the individual or entity to whom this email is addressed. If you are not one of the named recipient(s) or otherwise have reason to believe that you have received this message in error, please notify the sender and delete this message immediately from your computer. Any other use, retention, dissemination, forward, printing, or copying of this message is strictly prohibited.

This informational email is an advertisement and you may opt out of receiving future emails. To opt out, please click the "Unsubscribe" link below.

This message was sent by
Prudent Wealth Management, Inc.
(800) 458-9330
301 York Road
Ste 200
Warminster, PA 18974

[Unsubscribe](#)