

Diversification, supported by academic evidence, is the most highly recommended investment strategy for managing risk and leveraging higher expected returns over the long term. Though not guaranteed, the probability is much higher for a well-diversified portfolio to grow over the long term, while helping reduce risk. Although a small fraction of investors occasionally “get lucky” by picking the home run stock, country or industry at the right time, the odds of that happening are less than what one would expect by pure random chance. Thus, it’s strongly advisable to those who are looking to preserve and grow their assets over time to invest in a beautifully diversified portfolio of low-cost, broadly diversified institutional asset class funds, or index funds. By doing so, diversification eliminates the lucky chance of making a killing, but most importantly you won’t get killed.