

Chapter 1 : Asset allocation - Wikipedia

Core-satellite investing is a method of portfolio construction designed to minimize costs, tax liability and volatility while providing an opportunity to outperform the broad stock market as a whole.

How much you invest in the stock market never matters. Risk Appetite Your risk appetite derives from how you view the stock market. Most people see stock market as an instrument of alternative investment but most people see it as a source of income. Obviously second one has significant higher risk and needs dedication. Active investment has high reward as well as high risk and requires higher amount of time commitment. It generated a new generation of businesses " Advisory Business " They generally give recommendation of stock or future or options or other instruments. There is no trustable review of this kind of business found anywhere because they are not indeed successful at all. If they were so, they would have earning hefty profits doing those trades themselves and making billions. Portfolio Management " Now there are two kind of portfolio managers. You can monitor your trades all the time. Brokers always gives a good percentage of the brokerage fee to these managers as they drive good amount of business from them. Some made consistent profit but some make steady loss promising hefty returns in future. So it is indeed fishy. Then I found the returns and data used to plot their profitability chart is wrong. Some were forcefully interpolated and modified to show hefty returns. No comments but it is certainly a scam! Actually we all unknowing follow this Core Satellite Portfolio strategy. We all love safe money. My trading style and risk appetite is very very aggressive. I believe in thematic investments. Thematic investments are based on the fundamentals strongly and make small basket of stocks. It is best to keep the portfolio in very less drawdown. Some thematic investments are short and some are long. My Satellite part which hedged the pharma investments in the recent pharma downfall also mentioned later how saved my core part to optimize towards more profitability and less draw down. We believe in financial independence, backed by the culture of digital nomads and stuff with ideas of making money from home.

Chapter 2 : Core & Satellite - Wikipedia

Core-Satellite Portfolio Management shows how that responsibility can be met, by providing complete coverage of a core-satellite approach that utilizes state-of-the-art asset allocation strategies, reduces costs, controls risk, and increases liquidity--without sacrificing long-term return.

Allocation strategy[edit] There are several types of asset allocation strategies based on investment goals, risk tolerance, time frames and diversification. The most common forms of asset allocation are: Strategic asset allocation[edit] The primary goal of a strategic asset allocation is to create an asset mix that seeks to provide the optimal balance between expected risk and return for a long-term investment horizon. Dynamic asset allocation[edit] Dynamic asset allocation is similar to strategic asset allocation in that portfolios are built by allocating to an asset mix that seeks to provide the optimal balance between expected risk and return for a long-term investment horizon. Tactical asset allocation[edit] Tactical asset allocation is a strategy in which an investor takes a more active approach that tries to position a portfolio into those assets, sectors, or individual stocks that show the most potential for perceived gains. This includes many types such as "balanced fund" and so on. Beebower BHB published a study about asset allocation of 91 large pension funds measured from to A follow-up study by Brinson , Singer, and Beebower measured a variance of Also, a small number of asset classes was sufficient for financial planning. Financial advisors often pointed to this study to support the idea that asset allocation is more important than all other concerns, which the BHB study lumped together as " market timing ". However, in response to a letter to the editor, Hood noted that the returns series were gross of management fees. However, the difference is still 15 basis points hundredths of a percent per quarter; the difference is one of perception, not fact. Ibbotson and Kaplan examined the year return of 94 US balanced mutual funds versus the corresponding indexed returns. This time, after properly adjusting for the cost of running index funds, the actual returns again failed to beat index returns. The linear correlation between monthly index return series and the actual monthly actual return series was measured at Gary Brinson has expressed his general agreement with the Ibbotson-Kaplan conclusions. In both studies, it is misleading to make statements such as "asset allocation explains Statman says that strategic asset allocation is movement along the efficient frontier , whereas tactical asset allocation involves movement of the efficient frontier. Hood notes in his review of the material over 20 years, however, that explaining performance over time is possible with the BHB approach but was not the focus of the original paper. The results suggest that real estate, commodities, and high yield add most value to the traditional asset mix of stocks, bonds, and cash. A study with such a broad coverage of asset classes has not been conducted before, not in the context of determining capital market expectations and performing a mean-variance analysis , neither in assessing the global market portfolio. This portfolio shows the relative value of all assets according to the market crowd, which one could interpret as a benchmark or the optimal portfolio for the average investor. The authors determine the market values of equities, private equity, real estate, high yield bonds, emerging debt, non-government bonds, government bonds, inflation linked bonds, commodities, and hedge funds. For this range of assets, they estimate the invested global market portfolio for the period For the main asset categories equities, real estate, non-government bonds and government bonds they extend the period to Doeswijk, Lam and Swinkels [19] show that the market portfolio realizes a compounded real return of 4. In the inflationary period from to , the compounded real return of the GMP is 2. The reward for the average investor is a compounded return of 3. Performance indicators[edit] McGuigan described an examination of funds that were in the top quartile of performance during to The rest of the funds dropped to the third or fourth quartile. In fact, low cost was a more reliable indicator of performance. Bogle noted that an examination of five-year performance data of large-cap blend funds revealed that the lowest cost quartile funds had the best performance, and the highest cost quartile funds had the worst performance. Simply buying stocks without regard of a possible bear market can result in panic selling later. Finding the proper balance is key.

Chapter 3 : A Guide to Core-Satellite Investing | Investopedia

DOWNLOAD PDF CORE-SATELLITE PORTFOLIO MANAGEMENT

Core & Satellite Portfolio Management is an investment strategy that incorporates traditional fixed-income and equity-based securities (i.e. index funds, exchange-traded funds (ETFs), passive mutual funds, etc.) known as the "core" portion of the portfolio, with a percentage of selected individual securities in the fixed-income and equity-based.

Chapter 4 : The Core Satellite Portfolio - Optimized for Maximum Profits

- Risk Measurement of Investments in the Satellite Ring of a Core-Satellite Portfolio - Identifying and Adopting Best Practices for Institutional Investors As you will notice, of the 11 chapters in the book, only are dedicated to the actual Core-Satellite portfolio allocation technique.

Chapter 5 : Subscribe to read | Financial Times

Vanguard research October Building a global core-satellite portfolio Authors Daniel W. Wallick Neeraj Bhatia C. William Cole Executive summary.

Chapter 6 : Hedgeable | Sophisticated Investing Made Simple

Core Satellite Portfolio is widely followed method of Modern Day Portfolio Management. How much you invest in the stock market never matters. What matters is how much you're willing to put on stake; the precise term is risk appetite as well as it depends on your expertise on the stock market.

Chapter 7 : Newsroom | EDHEC Business School

To summarize, core satellite portfolio management is well-suited for many long-term investors for their retirement investments, including (k)s, IRAs, annuities, and college savings plans.

Chapter 8 : Simple Core Satellite Portfolio

If you're considering the use of core-satellite techniques to enhance portfolio and risk management capabilities consider global mandates with nimble opportunistic managers for the satellite.

Chapter 9 : Core-satellite Approach

Core and Satellite: A More Efficient Approach to Portfolio Construction We believe creating an efficient portfolio means maximizing your return potential for a given level of risk.