

# DIVERSIFICATION, WHY AND HOW



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Invest regularly  
Reinvest earnings

## Diversify

Buy only quality growth  
companies



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## Why diversify?

- To reduce risk

Too little?

All your eggs in 1 basket

Too much?

An index fund!



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## By Type

- Stocks
- Bonds
- Fixed Income
- Mutual Funds & ETFs
- Unconventional Equities



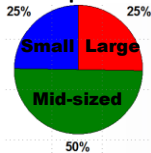
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## By Size

Small Caps by Rev. —Up to \$500 M  
25% of Portfolio

Medium Caps by Rev.--\$500 M to 5 B  
50% of Portfolio

Large Caps by Rev. --\$5B and Up  
25% of Portfolio



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## BY SECTOR S&P-U.S.

Consumer discretionary	12.4%
Consumer staples	10.5%
Energy	10.5%
Financials	16.7%
Healthcare	12.7%
Industrials	10.2%
Information Technology	17.8%
Telecommunication Services	2.6%
Utilities	3.3%

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## By Industry within a Sector

- For example: The Healthcare Sector
  - Biotechnology
  - Diagnostics & Research
  - Drug Manufacturers
    - Major
    - Specialties
  - Healthcare Plans
  - Medical Devices
  - Medical Instruments & Supplies



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## By Geography

- United States
- International
  - Europe
  - Japan
  - Emerging Markets
  - Developing Markets



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## How to achieve

- Buy multinationals
  - Check company annual report, Value line, Hoovers, and Morningstar
- Buy foreign company stock or ADRs



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## BI Guidelines, for club or individual

- 12 to 18 stocks
- No one stock over 10% of the portfolio
- Preferably one stock 4-7 % of the portfolio



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# THANK YOU



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# QUESTIONS?



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