Can Your Multi-Asset Strategy Protect on the Downside?

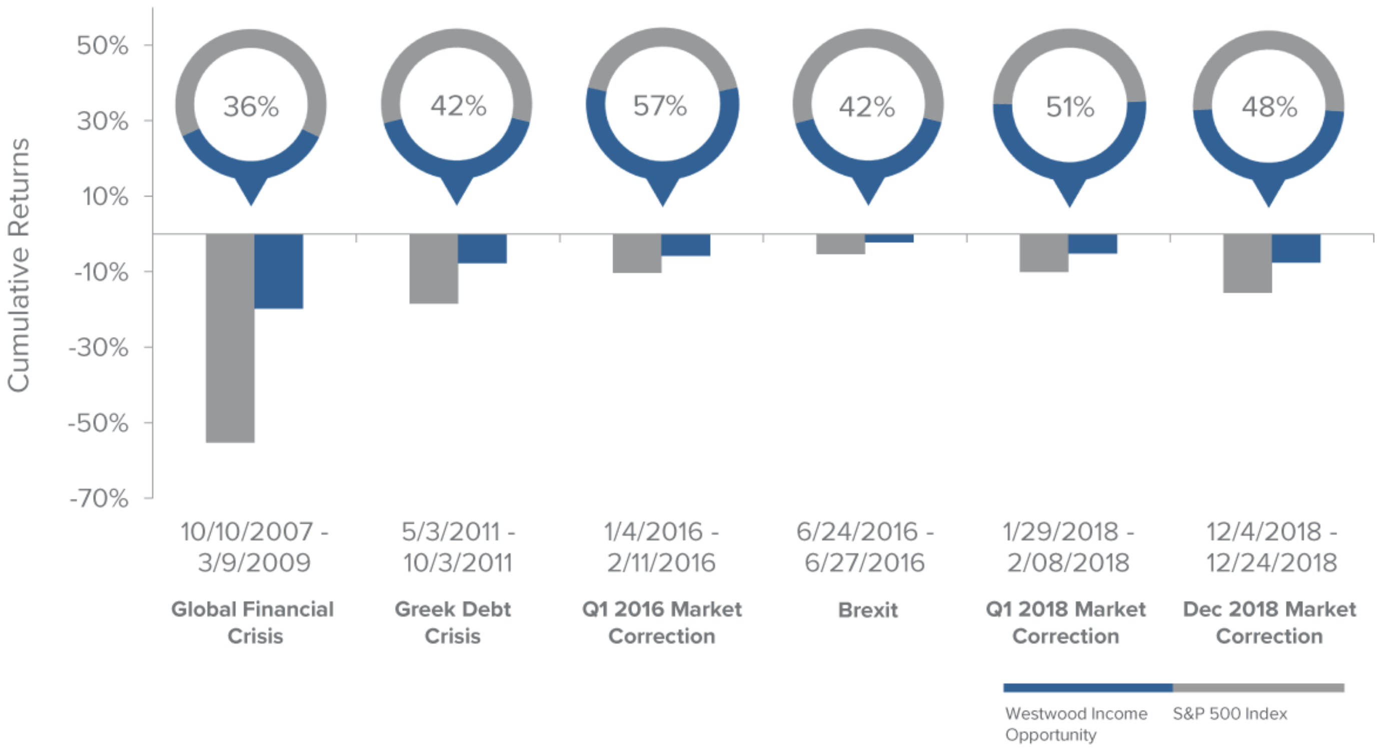
westwoodgroup.com/insight/can-your-multi-asset-strategy-protect-on-the-downside/

Market imbalances require asset allocators to consider multi-asset strategies that have a strong emphasis on loss limitation in down markets.

Bottom-up multi-asset investing can bring something very powerful and unique to a portfolio in the current environment. Many portfolios today have increasingly more exposure to top-down diversification or macro exposure as indexing has proliferated in investor portfolios. In an environment where index volatility increases across asset classes and correlations go to one, outperformance becomes a function of avoiding losses in the worst stocks indices vs. adding higher quality stocks. A flexible bottom-up multi-asset approach that can sync the asset allocation process to the stock selection process may help investors pursue equity-like returns with less risk. As investors look forward to potentially rising interest rates and a lower nominal growth environment, a winner-take-all market environment creates a favorable backdrop a for a bottom-up multi-asset approach particularly if you believe downside market volatility will increase.

Learn More About Our Approach to Bottom-Up Multi-Asset Investing and How We Can Help You Protect Capital In Down Markets.

Performance During Periods of Market Stress



*Inception: 1/01/2003. Data Set: Gross of fees, As of 9/30/2019. Drawdown periods based on daily cumulative returns. Data Source: Greek Debt Crisis; Data from © FactSet Research Systems Inc. All Rights Reserved. All other data points, Advent APX. Past performance is not indicative of future results. Portfolio returns reflect the reinvestment of dividend and interest income. As with any investment strategy, this strategy involves risk of loss. Please see appendix for full performance disclosures. The disclosures provided are considered an integral part of this presentation.

Westwood Income Opportunity: Key Takeaways

Bottom-Up Multi-Asset Solution

Asset mix diversifies sources of return and is driven by in-depth fundamental bottom-up research

Asymmetric Return Focus

Participation in up markets with an emphasis on protecting capital in down markets

Flexible Approach

Flexibility allocates across asset classes, capital structures, sectors and market caps that display absolute value

Risk-Focused Growth & Income

Navigates changing market conditions by balancing the trade-offs between capital appreciation, yield and risk

A flexible, bottom-up approach to multi-asset investing could be a way for investors to diversify their equity returns with less risk.