

# Asset allocation — the key to investment strategy



When you create an asset allocation strategy, you will need to decide how much you want to put into each investment class based on your personal situation. Take a moment to learn more about asset allocation.

## Class counts

Professional investors generally believe a lot of long-term investment success is based on the classes of investments or funds in your portfolio. Mixing investment classes may reduce your overall portfolio risk. So, diversifying your portfolio among the major classes of investments (bonds, stocks, and cash equivalents) can improve your chances of achieving long-term investment success.

## Market risk

Most of your investment decisions probably involve selecting individual funds or securities. But what happens if overall stock or bond market prices drop? The prices of your specific stock holdings or bond holdings are also likely to drop. Investment professionals call this market risk. While the prices of one class of investments are falling, other classes of investments may be performing differently — rising, holding steady, or falling less. And this possibility of different performance can mean lower risk for your portfolio — if you adopt an overall strategy that carefully mixes the classes of investments. The professionals call the manner in which you invest among these classes asset allocation.

## Diversification by classes of investments

To allocate your portfolio assets, you apply the basic investment principle of diversification (varied investments) to the classes of investments within your portfolio. This involves three steps:

1. Weigh the relative risks of each class — stocks, bonds, and short-term cash equivalents — and their potential for returns.
2. Select a portfolio plan with a certain percentage for each class.
3. Choose specific funds or securities within your percentages.

Don't forget that market conditions will change and your circumstances may also change. In the future, you may need to adjust your portfolio's asset allocation as those changes occur.



## Your plan gives you the tools you need

Your plan may offer funds that already spread your money across different classes of investments. These funds, often called “balanced” or “lifestyle” funds, can make it easy for an investor to get the advantages of a balanced portfolio without having to create a personalized asset allocation strategy.

## Investment options

To learn more about the investment options that your plan offers, visit [Retire.53.com](http://Retire.53.com)

**[Retire.53.com](http://Retire.53.com) > [Investments](#) > [Investment Options](#)**

If you have questions or need personal assistance, simply contact a Fifth Third Bank Participant Service Representative by calling 1-866-258-4777 any time between 8:30 AM and 7:00 PM (ET) each open market day.

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