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Asset Allocation doesn't have one clear answer and shouldn't depend on stage of the market.

It depends on your

- Risk Appetite
- Goals
- Psychology
- Age
- Responsibilities

1/n <https://t.co/aJjy4N90J9>

PERSONAL FINANCE MASTERCLASS

How to Decide your Asset Allocation?

Risk Appetite	Goals	Psychology	Age	Responsibilities
Decide your Risk	What are your Goals?	What kind of a person are you?	How old are you?	Do you have dependents?
Define how much risk you are willing to take for an investment.	Investing based on long term goals is very different from Investing based on Short Term Goals	Knowing your psychology is very important, if you cannot sleep well with your investments then they probably are not worth it	If you are young, you have a long runway ahead of you and should allocate more towards equities than someone who is much older	If you have responsibilities and dependents, its likely that your risk taking capacity isn't high and thus your investments need to be more on a safer side



Greatest challenge in the bull market is sound asset allocation which I have been facing alot. Want to buy super fundamentals cos. but can't buy em call. Latter is cos. % allocation in your portfolio.

Can you'll shed light [@connectgurmeet](#) [@Investor_Mohit](#) [@itsTarH](#) [@AnyBodyCanFly](#)

— Amrit (@HeyAmrit) [July 23, 2021](#)

Someone who is

Young

Right out of College

Doesn't Need Money for Next 10 years

Doesn't Have any Dependents

should be allocated more towards Equities than someone who is

Old

Heading for Retirement

Needs Consistent Income

Has Many Dependents

2/n

Your psychology also has the biggest impact. Are you someone who gets afraid and loses sleep over 5 to 10% drawdowns and wants to book profits as soon as an investment gains in value

or Are you someone who can sit peacefully and do not let the daily movement of market impact you

Also allocate based on Goals.

(Extract taken from my Personal Finance Course, Releasing on SkillShare on Sunday, link to sign up for a Free access below)

<https://t.co/ldBvCqO2DH>

Allocation Based on Goals

01

Short Term Goals

Allocate to financial instruments with **least possible risk** and lower returns with **higher liquidity**

02

Medium Term Goals

Allocate to financial instruments that have **low to medium risk, medium returns and liquidity**

03

Long Term Goals

Allocate the money that you do not need for more than 10 years, **use compounding to your advantage and start small**