Portfolio Rebalancing – The Key to Sail Through Market Cycles

There is no ever winning investment strategy under the fluctuating and uncertain market cycles. In order to obtain stable returns over the medium-to-long term, allocating your assets across different regions and investment vehicles to diversify the risk of portfolio is essential.

However, your risk appetite and required return may change when you approach another stage of life or market cycle. Regular review and rebalance your portfolio is the key to ensure that it matches with your investment objective.

Asset Allocation - Building an All-weather Portfolio

Each asset class has a different risk-return characteristic. The higher the potential return, the greater the risk. CMB Wing Lung Bank's Asset Allocation Reference Portfolio enables you to strike a balance between risk and return, so as to enhance the portfolio return given a particular level of risk.

Annualized Return and Standard Deviation are derived from the data of the respective Asset Allocation Reference Portfolio and Asset Class from December 2003 to November 2018 by Versitech Limited, a wholly-owned subsidiary of the University of Hong Kong. Return figures are calculated in USD, with reinvestment of dividends and interests included.
Asset Allocation Reference Portfolio

Asset Allocation Reference Portfolio is designed by Versitech Limited, a wholly-owned subsidiary of the University of Hong Kong. The Portfolios illustrate the most suitable asset allocation according to different risk level of investors.

1. **Conservative**  
   Annualized Return: 4.34%  
   Annualized Standard Deviation: 3.82%  
   Suitable for investors who are seeking for capital preservation and are willing to assume a very low level of risk.

![Conservative Portfolio Diagram]

2. **Stable**  
   Annualized Return: 6.32%  
   Annualized Standard Deviation: 6.71%  
   Suitable for investors who are seeking for stable return, while understanding and willing to assume a low level of risk to capture capital growth.

![Stable Portfolio Diagram]

3. **Balanced**  
   Annualized Return: 8.18%  
   Annualized Standard Deviation: 9.55%  
   Suitable for investors who are seeking for a balance between risk and return, while willing to assume a medium level of risk to capture medium capital growth.

![Balanced Portfolio Diagram]

4. **Growth**  
   Annualized Return: 9.86%  
   Annualized Standard Deviation: 12.38%  
   Suitable for investors who are willing to assume a higher level of risk to capture a greater capital growth.

![Growth Portfolio Diagram]

5. **Aggressive**  
   Annualized Return: 11.41%  
   Annualized Standard Deviation: 15.71%  
   Suitable for investors who want to capture different opportunities for capital growth and are willing to assume a very high level of risk.

![Aggressive Portfolio Diagram]


The asset classes are represented by the following indices:
- Global Equities - MSCI World
- Asia & Emerging Market Equities - MSCI Emerging Markets Index
- Hong Kong & China Equities - MSCI AC Zhong Hua Index
- Global Bonds - Barclays Capital Global Aggregate Bond Index
- Asia & Emerging Market Bonds - JP Morgan EMBI Global Diversified Index
- High Yield Bonds - Barclays Capital Global High Yield Bond Index
- Alternative - 1/2 Credit Suisse Hedge Fund Index + 1/2 S&P GSCI Gold Index

CMB Wing Lung Bank’s professional team of investment experts is dedicated to assist you in implementing asset allocation and regular portfolio review.

To find out more, please contact us now!

Wealth Starts with Wise Investing

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Risk Disclosure Statement

Asset Allocation Reference Portfolio is designed by Versitech Limited ("Versitech"), a wholly-owned subsidiary of the University of Hong Kong, for CMB Wing Lung Bank Limited ("the Bank"). The information is for reference only. The above Asset Allocation Reference Portfolio does not take into account of your investment experience, objectives, financial position and risk profile. This document is not intended as a substitute for any professional investment advice. The performance of your investment portfolio depends on the performance of the actual investments chosen, the actual market condition and other factors. There is no guarantee that it can be close to or same as the performance of the above relevant asset allocation portfolio. The risk rating of investment products chosen to construct the investment portfolio may be lower or higher than your risk tolerance level. Figures shown in this document are calculated based on historical data and may not be indicative of future performance. Although the information contained in this document has been taken from sources that are believed to be accurate, no warranty or representation is made by the Bank as to its correctness, completeness or accuracy. The Bank and Versitech accept no liability on the performance of the asset allocation portfolios. Should you choose to invest relying on this document, the Bank and Versitech shall not be held liable for any consequences. Investment involves risks and the price of investment products may fluctuate or even become worthless. You should carefully and independently consider whether the investment products are suitable for you in light of your investment experience, objectives, financial position and risk profile. Independent professional advice should be obtained if necessary. The above information has not been authorized by the Securities and Futures Commission.

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