

Portfolio Construction

Invested Thinking: Wealth Strategies by Turicum

3 minute read

Introduction

Portfolio construction is the process of strategically allocating capital across different investments and asset classes to achieve a balance between risk and return. Whilst risk in a portfolio may not be eliminated completely, at Turicum Private Bank, we view portfolio construction as the practical application of the principles discussed in earlier features, particularly diversification and asset allocation, to create portfolios that are resilient, goal-focused, and tailored to each client's unique objectives.

Well-constructed portfolios reflect not only our clients' financial objectives but also their tolerance for risk, investment horizon, and market outlook.

By combining a carefully selected mix of asset classes and investment instruments, we aim to position each client's portfolio to perform throughout changing market conditions.

Asset allocation

Asset allocation is the cornerstone of portfolio construction. It involves determining the proportion of a portfolio to allocate to each asset class, that is equities, fixed income, cash, real estate, and alternative investments.

The chosen allocation is guided by the investor's objectives, risk profile, and the prevailing market conditions.

Portfolio role:

Strategic asset allocation sets the long-term positioning of a portfolio, aiming to achieve an optimal balance between growth potential and capital preservation. Tactical adjustments may be made over time to capture opportunities or mitigate risks as markets evolve.

At Turicum, our asset allocation process is implemented via in-depth analysis of the global financial markets combined with a review of the latest macroeconomic data and corporate results.



Diversification

While covered in depth in Feature 1, in portfolio construction, diversification is applied in a targeted way, ensuring that no one market, sector, or asset class is entirely responsible for the portfolio's performance.



Diversification is the deliberate allocation of capital within and across asset classes to reduce exposure to any single source of risk.

Portfolio role:

Diversification helps smooth returns by allowing different sections of the portfolio to respond differently to market events. For example, when equities are under pressure, fixed income or alternative investments may provide overall portfolio stability.

Turicum applies diversification across regions, sectors, currencies, asset types and investment styles, designed to remain resilient under varying market and macroeconomic conditions.

Turicum's approach to portfolio construction

Our portfolio construction process blends disciplined asset allocation with thoughtful diversification, integrating both strategic and tactical considerations. This allows us to:

- Align portfolios to reflect client objectives
- Manage risk while maintaining return potential
- Maintain flexibility to adapt to changes in market conditions
- Incorporate both traditional and alternative investments for a balanced structure.

We combine quantitative analysis with an appreciation of qualitative factors, so that portfolios are designed to be well positioned to benefit from the prevailing market conditions.

Conclusion

Portfolio construction is more than merely selecting different investments; it is the discipline of combining them to create a cohesive, resilient, and objective-led whole.

At Turicum Private Bank, we specialise in building portfolios that reflect each client's individual objectives and risk appetite, whilst maintaining flexibility.

For a detailed breakdown of the benefits and risks associated with these investment options, please refer to [Turicum's Products & Services Booklet](#).

Let's build your tailored investment strategy together.

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