Best Growth Strategy for 2020+
For growth-focused investors, this year’s Best Growth Strategy for 2020+ is a must since we have one new nominee competing for the top spot of “Best Growth Strategy.”

Nominees

Traditional Asset Allocation
The most popular investment strategy among investors and advisors today. It can trace its roots back to 1952, making it a tried and true investment strategy for those looking to maximize their returns based on a given level of risk. It is a simple strategy that allocates between stocks and bonds, depending on how much risk an investor desires. It is rebalanced periodically to maintain its risk profile.

Risk Parity Strategy
Risk parity was designed to improve upon the traditional asset allocation model by reducing its risk without sacrificing return. In addition to stocks and bonds, risk parity also invests in non-traditional asset classes such as currencies and commodities. Unlike traditional models that have a fixed percentage in stocks and bonds, risk parity strategies balance their risk across all holdings to achieve greater diversification.
**Monthly-Hedged Strategy**

The newest kid on the block, monthly-hedged strategy, is changing how investors manage risk. It is a fully formula-driven strategy designed to maximize returns during Bull markets, while reducing risk during Bear markets. Its unique hedging strategy can add bonds to the allocation on a monthly basis to reduce risk during periods of heightened volatility, and remove them in a later month when volatility falls.

**Variable Annuity**

The variable annuity is the #1 broker-sold annuity, making it very popular with advisors and investors. This king of annuities offers investors access to a wide variety of money managers and investment options from which to choose. The investment options include traditional, qualitative, quantitative, academia, and alternatives, with some products offering an additional risk overlay to further reduce risk.

**Fixed-Indexed Annuity**

This one stands alone as the only nominee that guarantees no loss of principal, making the fixed-indexed annuity popular among risk-averse investors. Fixed-indexed annuity returns are based on the change in either a major stock index, or proprietary index, over one or more years. While fixed-indexed annuities were not designed to beat the stock market, they have the potential to offer better returns than a fixed-rate investment over time.
Winners


The Monthly-Hedged Strategy provides superior risk-adjusted returns, making it this year’s winner for Best Growth Strategy for 2020+

Honorable Mention – Fixed-Index Annuity

The Fixed-Indexed Annuity was the only strategy on this year’s list for risk-averse investors, giving it an honorable mention for those looking to grow their money, but who cannot afford to risk their principal.

Conclusion

The traditional asset allocation strategy, while popular among investors, lacks the upside potential the monthly-hedged strategy offers. Due to the additional fees charged by variable annuity carriers, their returns fell behind those of traditional asset allocation strategies. However, a variable annuity should be considered for investors with non-qualified accounts who are seeking to defer taxes. Risk parity strategies lagged well behind their competitors in returns, so growth-minded investors should look elsewhere.
Disclosures

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