

Case 1: Portfolio diversity

The Invest-Pro company decided to diversify its investment portfolio. Their portfolio is currently dominated by stocks of various companies, but they want to add another type of asset to it.

Questions:

1. What significance can portfolio diversification have for the Invest-Pro company?
2. What other asset types might they consider adding to their portfolio?
3. What factors should be considered when choosing new assets to diversify a portfolio?