Automatic Portfolio Rebalancing

Before: Drifted

Stocks: 75%   (target: 60%)

Bonds: 20%   (target: 35%)

Other: 5%   (target: 5%)

Stocks up 25%
Bonds flat

Rebalance →

Actions

Sell: 15% stocks

Buy: 15% bonds

Tax-loss harvest

(if applicable)

→

After: On Target

Stocks: 60%

Bonds: 35%

Other: 5%
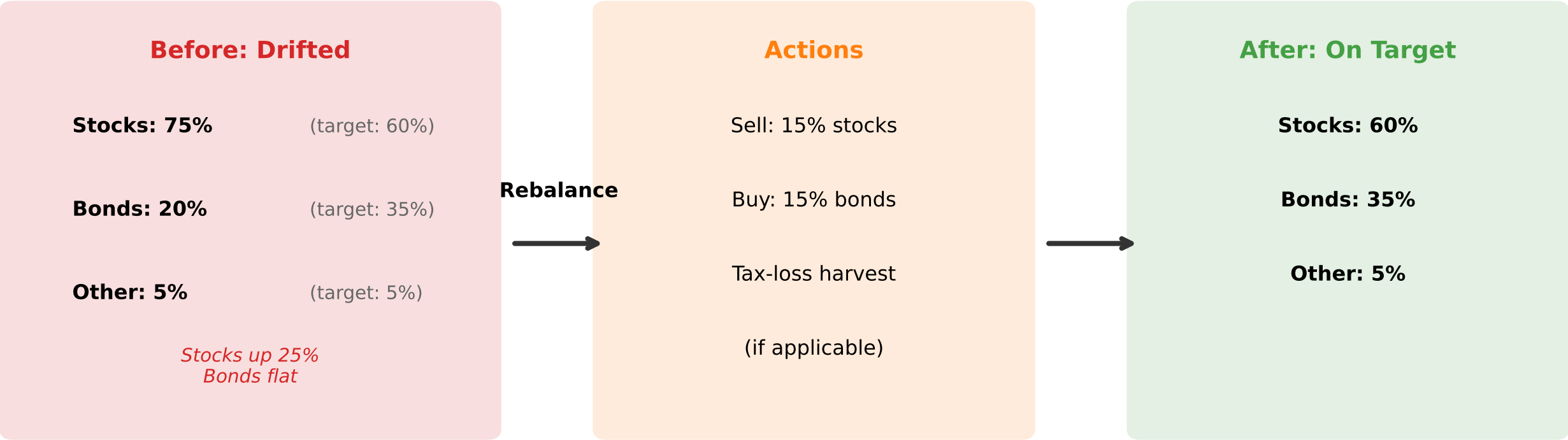
Rebalancing Triggers:
- Drift threshold (e.g., 5% deviation)
- Calendar-based (quarterly/annual)
- Cash flow events (deposits)
- Tax-loss harvesting opportunities

[CONCEPTUAL EXAMPLE]