



# Rebalancing Simulator

Compare portfolio growth with and without annual rebalancing. See how maintaining your target allocation affects long-term returns.

**What is Rebalancing?** Selling assets that have grown above your target allocation and buying assets that have fallen below. This maintains your risk level and implements "buy low, sell high" automatically.

## Simulation Parameters

Initial Investment:

10000

Target Stock Allocation:

80% Stocks / 20% Bonds



Time Period:

10 Years



Market Scenario:

Normal Market (Stocks +8%, Bonds +3%)



Run Simulation

### ✗ No Rebalancing

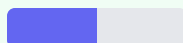
87%

13%

Final Allocation: 87% Stocks / 13% Bonds

**\$19,959**

Year 0



\$10,000

Year 1



\$10,700

### ✓ Annual Rebalancing

80% Stocks

20%  
Bonds

Allocation maintained at target

**\$19,672**

Year 0



\$10,000

Year 1



\$10,700



**Analysis Question 1: Why does the "no rebalancing" portfolio drift from its target?**

Consider which asset class typically grows faster over time...

**Analysis Question 2: In what market conditions does rebalancing help vs. hurt returns?**

Think about mean reversion, trending markets, and risk control...

**Analysis Question 3: Besides returns, what other benefit does rebalancing provide?**

Consider risk management and investment discipline...