⚖️ 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

Year 2	$11,453
Year 3	$12,263
Year 4	$13,135
Year 5	$14,073
Year 6	$15,083
Year 7	$16,170
Year 8	$17,341
Year 9	$18,602
Year 10	$19,959

Year 2	$11,449
Year 3	$12,250
Year 4	$13,108
Year 5	$14,026
Year 6	$15,007
Year 7	$16,058
Year 8	$17,182
Year 9	$18,385
Year 10	$19,672

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...