Asset Class Breakdown

**What is an 'Asset Class Breakdown'**

An asset class breakdown provides the percentages of core asset classes found within a mutual fund, exchange-traded fund or other portfolio. **Asset classes generally refer to broad categories such as equities,**[**fixed income**](https://www.investopedia.com/terms/f/fixedincome.asp)**and commodities**. Often, sub-asset classes may be reported in concentrated portfolios or for more granular detail.

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**BREAKING DOWN 'Asset Class Breakdown'**

An asset class breakdown represents the distribution of assets in a portfolio. Breakdowns are calculated by dividing the market value of a particular asset class's holdings by the fund’s total assets. Comprehensive asset class breakdowns are typically provided to help an investor understand the investment objective and risk management strategy of the fund.

**Risk**

Investing by asset class is a primary way for investors and professional portfolio managers to manage risk. Asset classes may include cash, fixed income, equities, [commodities](https://www.investopedia.com/terms/c/commodity.asp) and real estate. Each has its own risk characteristics and return opportunities. Cash investments are the most conservative and can include high yield savings accounts and money market funds. Fixed income and equity investments are typically asset classes used for core holdings. Both have multiple investment options with fixed income used for more conservative investments and equities used for more aggressive allocations.

**Sub-Asset Classes**

[Sub-asset class](https://www.investopedia.com/terms/s/subasset_class.asp) breakdowns are also often used in due diligence fund reporting and can provide similar support for investors. Sub-asset class breakdowns may be used when a fund is highly concentrated in one asset class.

Fixed income sub-asset class breakdowns can include a wide range of categories such as loans, [government bonds](https://www.investopedia.com/terms/g/government-bond.asp), corporate bonds and municipal bonds. Equity sub-asset classes can include unique categories such as real estate investment trusts (REITs) and master limited partnerships (MLPs). They may also include market capitalization breakdowns such as small cap, mid cap and large cap or investment styles such as [growth stocks](https://www.investopedia.com/terms/g/growthstock.asp) and [value stocks](https://www.investopedia.com/terms/v/valuestock.asp). Investing in international investments can add an additional sub-asset class component for investments.

**Asset Allocation and Balanced Funds**

The asset class breakdown is often used in marketing the fund to investors since it is a simple way to present the approximate [risk profile](https://www.investopedia.com/terms/r/risk-profile.asp) of a fund. Asset allocation funds will generally vary by asset mix, often marketed as conservative, moderate or aggressive funds. Higher equity exposure is typically found in more aggressive growth funds. Moderate funds tend to have a balanced asset allocation approach that is evenly weighted between equity and fixed income. Overall, modern portfolio theory suggests that [asset allocation](https://www.investopedia.com/terms/a/assetallocation.asp) can be a key determinant for total return potential and risk characteristics.

60/40 funds are a popular choice for investors seeking balanced asset allocation fund options. The BlackRock 60/40 Target Allocation Fund provides one example for investors. This Fund uses a fund-of-funds approach to provide a 60/40 asset class breakdown between equity and fixed income. Individual fund holdings are used to provide exposure to various sub-asset classes, including U.S. stocks, developed market stocks, international stocks and 7- to 10-year Treasury bonds. Other asset allocation funds from BlackRock include the 40/60 Target Allocation Fund, 80/20 Target Allocation Fund and the 20/80 Target Allocation Fund.

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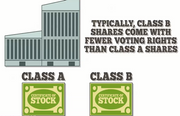
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