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Post-crisis strategy

Fixed income is the asset class that best suits the post-GFC climate, argues Stephen Nash, director of strategy and market development at FIIG Securities. "It's a more conservative investment for a more conservative consumer."

Interest rate risk is a great diversifier for an equity-laden portfolio, says Nash. Returns are much more predictable than those from equities and, in a diversified portfolio, have a negative or low correlation with equities, reducing risk without reducing return. Inflation-linked bonds provide a direct hedge of inflation risks, and even equities find ILB benchmarks hard to consistently beat, Nash says.



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