**5 Ways to Diversify your investments**

To have a diverse portfolio means to have your money in several places so that if one company or industry is in trouble then income from your other investments should at least minimise the shock.

There are 5 ways to diversify your portfolio.

**Number 1: Invest in several industries**

Investing in different kinds of industries protects you from a downturn in one. With the online share market platforms I am with I have investments in a building company, an energy company, a farming retailer, phone company, and a New Zealand milk supplier. This diversification technique minimizes risks and gives me plenty of interest too.

**Number 2: Invest in several funds**

If you invest in managed funds and that includes everyone who is in Kiwisaver then you will be in various types of funds; growth, balanced, or conservative. The best strategy is to invest in the fund which is right for you and that depends on how soon you need the money. Long term, medium term, and short term money should be in growth, balanced, and conservative funds respectively but it all depends on your risk profile.

**Number 3: Invest in different platforms**

Most of us have heard of the online investing platforms such as Sharesies, Hatch, Investnow, Kernel Wealth, and Robinhood. Investing in several different platforms will help cushion you against the shock of having one of them fail, and certainly, there is no guarantee that this will not happen. I advise not investing all of your life savings into one online platform.

**Number 4: Invest in different asset classes**

Investing in different types of asset classes will enable you to withstand a downturn in one class of asset. Investing in fixed term interest, the share market, gold, and property are all different types of assets. It all depends on what the right kind of assets are right for your kind of personal circumstances.

**Number 5:Invest in different companies**

This is very important. It is unlikely that all of the companies will fail even though the industry is going through a bad patch. This rule is just as applicable to investing in finance companies for a fixed term return as it is for shares.

**Benefits of Diversification**

The number one benefit of diversification is it reduces your portfolio risk. If you placed all of your eggs in the one basket then you could lose it all if that one company went under and it did happen to some investors during the 2008 Global Financial Crisis (GFC) and 1987 Sharemarket crash (Black Monday).

It can be enjoyable for investors to own a little bit of a number of countries. Micro investment platforms such as Sharesies, Hatch, and Robinhood make this affordable for Mum and Dad investors.

**Downsides of Diversification**

Diversification can be time consuming but then everything worth doing is worth doing well. Investing in managed funds or mutual funds as they are called in the US is an option for busy people. More transaction fees and commissions is another downside to diversification and that could reduce your short term gain.

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Sharesies is an accessible and straightforward way to invest in the stock market. You can get started on your investment journey and start building your wealth. However, before making any investment decisions, it is essential to do your research and seek professional advice if necessary.

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