
Putnam launches “Dynamic Risk Allocation” fund

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Putnam Investments has launched the [Putnam Dynamic Risk Allocation Fund](#), designed to “actively balance the sources of portfolio risk across multiple asset classes, with flexibility to respond dynamically to changing economic conditions and market valuations,” the company said in a release.

The fund will make use of a “risk parity” approach that Putnam uses for institutional clients. From Putnam’s description, this approach apparently fills the fund’s risk budget with assets other than equities.

“The portfolio weightings will be dynamically adjusted in response to changing market conditions, providing the potential to further enhance performance and manage risk,” Putnam said. In addition to global equities and global fixed-income securities, the fund Allocation Fund may invest in commodities and real estate investment trusts, and use leverage.

Putnam’s Global Asset Allocation team, led by Jeffrey L. Knight, will manage the new fund. The team’s specialists have experience in managing multi-asset portfolios for both the institutional and retail marketplaces, including more than five years of managing portfolios employing a risk-parity approach.