ABSTRACT

This study examined the diversification benefits of including direct real to a multi asset portfolio of stocks and bonds. Modern Portfolio Theory provided the theoretical frame work for construction of thirty multi asset portfolios, over a twenty year time period from 1995 to 2014. The methodology included the calculation of optimal portfolios, efficient barriers, returns, risks and correlation of the asset classes. The results of this study indicate that direct real estate provides significant diversification benefits to multi asset portfolios and furthermore direct real estate proved to be a diversifier of risk and a return enhancer over the time period studied.