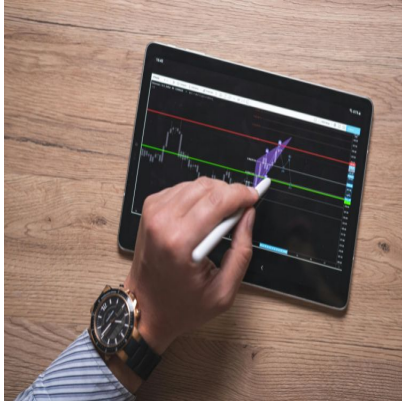




How businesses can expand their portfolio beyond cash and bonds

Description

Holding too much corporate cash can feel like a secure choice. But safety often comes at a cost in today's market. Inflation chips away at the purchasing power of your money quickly. If your investments yield 5% but inflation sits at 6%, your real return is negative 1%.

Fixed-income investments, like short-term Treasury bills, used to be an easy and predictable option. They provided safe, low-risk streams of income.

But the risk-return landscape has changed drastically in recent years. A long decline in interest rates made standard fixed-income benchmarks much riskier. These bonds now carry increased sensitivity to interest rate changes.

For example, a one-percentage-point rate hike today causes a greater portfolio loss than it did a decade ago. That means investors now face significantly higher risks for the same investment.

So, what's the solution? Diversification, or expanding your portfolio across several different asset classes. Diversifying helps your company manage the specific risks associated with inflation.

Here, we'll share how your business can expand its portfolio beyond traditional cash and bonds.

#1 Consider Equities for Growth Potential

If you want long-term capital appreciation, public stocks or equities are the engine of wealth generation. Equities give you a claim on a company's future earnings and growth.

Forget researching hundreds of companies yourself. Instead, use index funds or [Exchange-Traded Funds](#) (ETFs). These give you instant, wide diversification across entire sectors of the economy.

The most popular shortcut is the S&P 500 Index. This index tracks 500 of the largest public companies in the U.S. economy. Investing in an S&P 500 ETF lets you buy a tiny piece of those 500 companies simultaneously.

Index funds are generally low-cost and low-maintenance. Leading examples include Vanguard's VOO or the SPDR S&P 500 ETF Trust.

It is true that stocks come with more volatility. Higher potential profit requires you to accept a higher risk of loss. This is known as the risk-return tradeoff. However, US stocks still show positive annual returns about 75% of the time.

For a business, stocks also serve as a strong defense against rising prices. When inflation hits, businesses can often pass higher costs along to consumers. This allows their revenue and asset values to rise along with overall prices.

#2 Don't Ignore the Rise of Digital Assets

Digital assets like Bitcoin and Ethereum are no longer just speculative toys. They are becoming strategic balance sheet assets. A new type of public company, called a Digital Asset Treasury Company (DATCO), has emerged. These companies convert corporate cash into digital assets to hold as permanent capital.

This trend started when companies like MicroStrategy moved cash into Bitcoin in 2020. By September 2025, public DATCOs collectively held over \$100 billion in digital assets. More than 200 US companies have since announced plans to adopt similar strategies.

Ethereum, in particular, is gaining traction. Businesses are using Ethereum as a productive, yield-bearing asset, engaging in activities like staking. It's a process that allows investors to lock up ETH and earn passive income while helping secure the network.

According to [Bit Digital, Ethereum staking](#) generates revenue through both liquid as well as native staking. Native staking secures your Ethereum by locking it up, making it illiquid. Meanwhile, liquid staking provides a tradeable tokenized receipt that remains usable in DeFi applications while still accruing staking rewards.

In 2024, the average yield for staking Ethereum was 4.24%, which is more than government bonds.

#3 Look Into Private Equity and Venture Capital Opportunities

Private market investments offer access to companies not traded on public stock exchanges. This asset class includes Private Equity (PE) and Venture Capital (VC). These investments often have lower correlation with public markets.

Historically, private market assets have actually outperformed their public equivalents over the past decade. They are powerful tools for improving overall portfolio diversification.

Accessing these private market securities is strictly regulated by U.S. law. To invest, your company must qualify as an [accredited investor](#). This status is reserved for individuals or entities who meet specific financial sophistication thresholds.

For an entity like a corporation or LLC, qualification requires having over \$5 million in total assets. Individuals must meet high income or net worth criteria.

The most practical alternative for liquidity-focused treasuries is the public market. You can invest in the stock of publicly traded private equity firms. Companies like Blackstone (BX), KKR, and Apollo Global Management (APO) offer this exposure. These are accessible through standard brokerage accounts.

Another option is investing in [exchange traded funds](#) (ETFs) that focus on private equity. These funds pool capital to invest in many PE firms and their holdings. This provides diversification and lowers the minimum investment needed.

Strategic Diversification Can Enhance Resilience

Diversification is not about dramatic leaps but balance. Expanding your portfolio beyond cash and bonds gives your business more resilience, more potential, and more strategic flexibility.

You can build a stronger foundation for growth if you approach investing with a long-term mindset and an openness to new opportunities. Thoughtfully blend traditional assets with equities, digital assets, and private investments, and your business can capture multiple sources of return while reducing overall risk.

This balanced approach allows you to stay agile, ready to adapt as markets evolve and new technologies reshape the financial landscape.

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