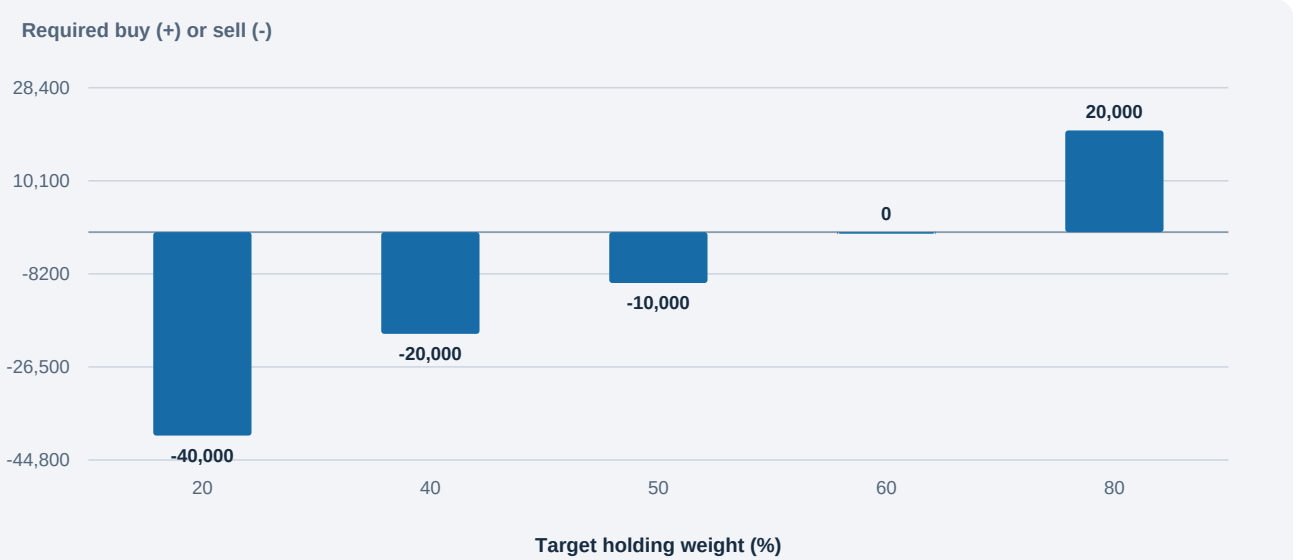
Trade amounts for a target allocation

Portfolio arithmetic | Original synthetic example | Edition 2026-11-26

A target weight multiplied by current portfolio value gives a target currency holding. Subtracting the current holding identifies the idealized buy or sell amount before costs and lot rounding.

FORMULA Trade amount = target weight x portfolio value - current holding

SCENARIO 01: Portfolio 100000; current holding 60,000



WORKED EXAMPLE

A target of 50% requires -10,000 currency of trade before costs; negative means selling.

COMMON MISTAKE

Rebalancing from stale values or ignoring the cash needed for fees can prevent target weights from being reached.

BEFORE YOU USE THE CALCULATION

1. Value every holding at one time.
2. Make target weights sum to one.
3. Recheck after fees and integer-quantity rounding.

COMPARE TWO MORE INPUT SETS

Scenario 05: Portfolio 140000; current holding 84,000. A target of 50% requires -14,000 currency of trade before costs; negative means selling.

Scenario 10: Portfolio 190000; current holding 114,000. A target of 50% requires -19,000 currency of trade before costs; negative means selling.

Synthetic values are not historical market data. Educational material; trading can result in substantial losses.