

## **What Has the Crisis Taught Us or What Is Its Impact on Investment Portfolios?**

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### **Abstract**

The COVID-19 pandemic formed a unique situation across stock markets during which stocks performed differently as compared to non-pandemic time periods. These conditions created an opportunity to analyze the changes in stock correlations during a time period of such global market uncertainty.

Objective of this article is to confirm the hypothesis that there have been changes in stock price correlations before and during the pandemic and to give a recommendation how to diversify stock portfolios during future pandemics by allocating funds to stocks from different sectors with the lowest rates of correlations in order to minimize risks.

The added value of the paper is the resulting information demonstrating what has been the optimal stock allocation strategy based on correlations during the pandemic which could serve as a base for investors should another pandemic (or any crisis of another type) arise and pressure the global markets.