



INTRODUCTION TO INVESTING

Investing is the process of putting money into assets with the goal of growing wealth over time. Unlike saving, which prioritises stability and easy access, investing accepts some risk in exchange for potentially higher returns.

While savings accounts provide security, investments often offer growth potential, helping you achieve long-term financial goals.

There are five main types of investments. Each plays a unique role in a balanced portfolio:

- Stocks represent ownership in a company. As a shareholder, you're entitled to a portion of its profits and can benefit when the company performs well. For example, owning shares in a popular tech company means your stock value may increase as the company grows.
- Bonds, also known as Credit, are loans to corporations or governments, which pay interest over time. They tend to be lower risk than stocks, providing a steady income and serving as a stabilising force in a portfolio.
- Real Estate includes physical property, such as homes, commercial buildings, or land. Real estate typically appreciates in value and can generate rental income, offering a tangible way to grow wealth over time.

- Cash investments, such as savings accounts or term deposits, are low-risk but have the lowest return. They provide safety and liquidity, which can be useful in uncertain times or as a source of emergency funds.
- Alternatives cover assets like commodities, and private markets (equity, infrastructure). Other Examples include gold, art, or even cryptocurrencies. While sometimes volatile, these can diversify a portfolio and offer unique opportunities, especially when traditional markets are down.

Balancing risk and return is essential in investing. Higher-risk options, like stocks, offer greater returns but come with more risk and less liquidity. Lower-risk choices, such as bonds and cash, provide liquidity, stability but slower growth. Achieving the right balance helps align investments with goals and risk comfort level.

Starting small is ideal for beginners, as even modest amounts build confidence. Diversifying across assets reduces risk, as a downturn in one area won't impact everything. Imagine it as a fruit basket: if one fruit spoils, variety ensures there's still more left.

With planning, learning, and balance, investing can lead to long-term growth and financial security.