
Investment Portfolio Construction and How to Start?

By using the key factors of investing, you can easily determine if you're an aggressive investor or a conservative one. Aggressive investors are high risk, high return. They have long time horizons and high loss exposure. Their portfolios would consist more of stocks. Conservative investors care more about preserving their cash, and are trying to achieve short and safe growth. They would have more diversification and a bigger spread of asset allocation and their portfolios would consist more of bonds and fixed income, and less stock.

Investing is an important part in achieving a successful financial future. First, you need to find the right place. This depends on if you want to invest by yourself or have help from a brokerage, if you want a free service or a paid service, and it depends on the type of investing you want to do. After finding the right place and knowing your investment style, you need to act and start now. With compound interest and the Rule of 72, the significance of starting early is proven.



About Us

When you think of Alchanati Campbell & Associates, we want you to think of a One-Stop shop for all of your financial and professional needs. Dealing with many different businesses can feel unorganized, and the communication can definitely become an unneeded issue. With us, you will be provided for, and we will help you Keep Climbing to reach your highest financial and personal goals.

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Guide to Investing:

What is Investing?

What are Investments? How to Invest?



Alchanati Campbell & Associates



What is Investing and Why is it Important? Factors of Investing

Investing is a tool for building wealth. Investing is the act of committing money or capital to an endeavor with the expectation of obtaining an additional income or profit. Warren Buffet, a well-known finance mogul, defined investing as, “...the process of laying out money now to receive more money in the future.”

Investing is having your money work for you instead of you working for your money. It is not gambling whereas gambling is playing games of chance for money. It is important to understand why you are investing and the end result that you are seeking. Investing is a long-term activity, designed to achieve sustained returns that can compound overtime.

Investing can help you reach your financial goals. The factors you want to look at before you start investing are your time horizon, loss exposure/risk tolerance, and goals/reasons for investing.

TYPES OF INVESTMENTS

There are many types of investments and investing styles to choose from. When choosing your investments, you need to think about your goals, risk tolerance, time horizon, and comfortability. Some investments are less risky, but pay a smaller percentage of return. Others are more risky, but pay more return. The right investment for you is dependent on you and your needs.

Real Estate

Real estate investments can be made by buying commercial and residential property for the purpose of using it as an investment property.

Life Insurance

Permanent life insurance policies such as whole life insurance contain an investment component. Some of the money paid into it accumulates “cash value” in the form of a tax-sheltered investment account that the policyholder can borrow against.

Securities

- **Stocks/Capital:** Ownership of the equity of companies.
- **Bonds:** Ownership of the debt of companies.
- **Fixed Income:** Fixed payments and eventual return of principal at maturity.
- **Commodities:** A basic good used in commerce that can be bought and sold.
- **Mutual Funds:** Made up of a pool of moneys collected from many investors for the purpose of investing in a bunch of security vehicles.
- **Index Funds:** a type of mutual fund with a portfolio constructed to match or track the components of a market index.

Investments are anything that accumulates in value over a period of time. These are only a few of the major types.