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Investment guide for beginners

We have all heard the phrase that "Time is money" and this is a reality. Time is one of the most precious goods we have and many times we need more to be able to carry out all the activities we want.

And the main problem of most people is that they trade time for money. This means that they cannot grow their income and do not take advantage of the money they generate.

This is where the **investments** come! **Investments** are a great way to make the most of your money, and multiply it in the long term. This is why we've created this **Investment guide for beginners!**

But first we will show you how to invest safely.

How to invest safely?

There is often a certain distrust when **investing**, but there are certain measures that can be taken so that you can enter these **investments** without any problem. Our recommendations are as follows:

- **Investigate the company:** Take your time to investigate that it is a reliable company. Don't fall for misleading advertising or high-pressure sales pitches.
- **Start small:** You can start with a simple, low-risk product. Later you can venture into more complex and structured businesses that can generate high returns.
- **Short-term returns:** It is true that short-term assets do not usually generate high interest, but you can start building a large portfolio that will give you good results.

Best ways to **invest your money**

It is important that you know what types of **investments** exist so that after an exhaustive investigation you decide on the one that suits you best. Knowledge is the main tool of finance because it helps you reduce investment risks.

Like any market, it always seeks to satisfy the customer and find the best (financial) products so that they have profits. As our goal is to help you increase your income effectively and profitably, now we will show you the different types of **investments** that are best for you!

Stock Market

The **stock market** is where investors connect to buy and sell **investments**, usually stocks, which are shares of a public company.

Starting with the **stock market** is highly recommended if you are new to the financial world. It is, in fact, one of the types of **investments** with the best long-term returns. Starting small is the greatest approach to get experience in general.

But who can invest in the **stock market**? The answer is very simple: anyone who has saved capital. Depending on the country you are in, they will ask you for a minimum amount to buy shares of a company. So **investing** in stocks with little money is possible.

This share is a certificate that, in theory, assigns you part of a company. The higher your percentage, the stronger your decisions about the company, and in turn, you'll be able to make key decisions about earnings.

Before immersing yourself in the world of **investing** in the **stock market**, remember that the value of a company will depend on the demand of the

shareholders. If there are many investors who want to buy shares, the values will be very high.

Risks of **investing** in the **Stock Market**:

- The risks are that you can lose a lot of money if you invest at a bad time for the company.
- To win large amounts, you will have to invest a lot of money. This means that the loss will also be great.



Bonds

A bond is a debt made by an investor to a borrower, such as the government or a corporation. The money is used to fund the borrower's operations, and the investor is paid interest on the investment.

Bonds are a financial instrument that is responsible for buying debts with interest. That is, the investor buys a bond to lend money to a company or State agency with interest for a given term.

The practical way to begin **investing** in these sorts of financial instruments, you must first deliver a specific quantity of money to the financial entity issuing the bond. This guarantees that you will receive the initial amount plus a proportion of interest.

Public companies or institutions can issue their debt through bonds so that they can be purchased by the general public, which would further increase your return.

Risks of **investing** in Bonds:

- You are at risk of loss due to inflation.
- You have a risk of movement of interests, which will affect what you earn.



Commodities

They are those raw materials that are in the **stock market**. For example, the recovery of metals such as gold, copper or aluminum. Also energy products such as oil or gas.

Investing in Commodities turns out to be very profitable because they are the most liquid assets, that is, a buyer and a seller will always be found. They are also types of securities **investments** that are subject to high market volatility.

First, what you have to do is find an intermediary platform to buy commodities. Forex.com is a reliable platform and it only charges you 0.035% of your profits. Then you will have to investigate very well what commodities you are going to choose. And so you will start **investing** in commodities.

Risks of **investing** in Commodities:

- The greatest risk is the associated geopolitical one, this means that the value of the commodity depends on other countries.
- You have the risk that the price is constantly changing.



ETF

What are ETFs? By its acronym it means “Exchange Traded Fund”. It is a type of asset that is listed on the **stock market** and uses mechanisms to invest in a variety of ways at a low cost.

Let's take an example. Imagine your favorite soccer team, each player that makes it up has individual skills that, when joined with the rest, will manage to win the match.

When you decide to invest in ETFs, the same thing happens. Your money is not allocated to a single sort of investment, but rather to a variety of actions such as bonds, commodities, and other **stock market** items. When compared to other sorts of **stock market investments**, owning many assets raises the likelihood of earning more.

To invest in an ETF you have to use an intermediary platform that helps you buy them. You can search for the best platforms and the best ETFs to invest in, and then buy your share.

Risks of **investing** in ETFs:

- The only risk that exists is the decoupling of the ETFs from the **Stock Market**.
- ETFs are the safest to invest your money.



Annuities

Many people use these types of financial **investments** as part of their retirement savings plan. When you buy an annuity, you buy an insurance policy and, in return, you receive periodic payments.

This type of investment comes in numerous varieties:

- They can last until death or only for a predetermined period of time.
- They may require periodic premium payments or just an advance payment.
- They may be partially linked to the **stock market** or may simply be an insurance policy with no direct link to the markets.
- Payments can be immediate or deferred to a certain date.
- They can be fixed or variable.

A practical way to invest in annuities is through intermediary companies. Financial advisors, some banks, and insurance agencies are some examples of this.

Risks of **investing** in Annuities:

- There are possibilities of high fees.
- It is possible to pay tax penalties for early withdrawals.
- Many of these do not include extra tax benefits.



Foreign exchange / **Forex**

A currency is a foreign currency, for example dollars, pounds or yuan. Commercially they are called **Forex** currencies, so from now on we will use these terms.

Investing in Forex currencies is essentially the same as purchasing foreign currency. Because it is the strongest, the dollar plays a larger role in general. This form of investment is intended to gain in value in relation to the local currency of the nation where you are.

If you are looking for currencies to invest, keep in mind that it may be subject to external factors such as economic, political and trade crises. However, it is still one of the types of **investments** that most ensure profitability.

The best practical way to invest in Forex is to choose an online broker, which is a platform that helps you to make the changes of the currency. The best way is doing it on Forex.com, which charge you only 0.0035% of the nominal value of the operations you make.

Whatever currency you invest in, you have to make sure that you really know the market circumstances.

Risks of **investing** in Forex:

- Forex prices are very volatile, and you can lose a lot of money.
- All factors depend on foreign economies and policies.



Cryptocurrency

Cryptocurrencies are one of the most profitable new forms of investment. Within this type of digital investment, Bitcoin is the most famous cryptocurrency, but there are many others, such as Litecoin and Ethereum.

These are digital currencies that do not have any government backing. You can buy and sell them on cryptocurrency exchanges. Some retailers will even allow you to make purchases with them and make profitable **investments**.

The best practical way to start **investing** in cryptocurrency is by studying the cryptocurrency you want to choose. After this, you have to purchase this cryptocurrency in a wallet. There are a lot of wallets and you have to investigate which one is the best option for the one you want to buy.

This initial purchase has to be a test so you can see how the market for that currency moves. And remember, always try to have some savings just in case.

Risks of **investing** in Cryptocurrency:

- The main risk is that the founders of the cryptocurrency withdraw all the money of the people involved in the cryptocurrency. An example is from the SQUID cryptocurrency scam, the creators withdrew all the profits and the coin crashed.
- Another risk is that this type of investment is speculative. Unless you spend a lot of your time studying the coin, you won't know when it might go down or up in price.



Where is the best place to begin?

We have already shown you different ways in which you could invest. All of them have their pros and cons, but it is important that you know your situation perfectly and then choose the best way for you.

It is true that many of these forms of investment can give you many benefits. But they also carry their own risk.

That is why we recommend you invest in ETFs first. Why? Well, **investing** in ETFs is safe and can bring you long-term benefits. If you invest in ETFs, you will not have the risk of losing a lot of money just because of a bad movement of a company, since you will be able to diversify this risk in many companies.

How to diversify and the importance?

When you diversify your **investments**, you spread the investment among several smaller **investments**. This will prevent you from losing all your money if one of your **investments** fails, because you will have many others to support it and you will not have to worry about the loss of that investment.

It's like the example we gave earlier of soccer players. Let's say you have 100 players and each one has their own unique specialty. If one of them gets injured, you'll have 99 to back up his fail and it won't do much damage to your economy.

On the other hand, if you have only 1 player on the court, your chances of having losses increase, since everything depends on that player.

The same goes for your **investments**. If you divide the money you want to invest into different forms of investment, you will not have to worry about one failing, since you will have your **investments** diversified.

Conclusion

It is important to know what types of **investments** there are in order to adapt to the best option that fits your profile and your economic situation. As you could see, there is no need to save large sums of money to invest, the variety of financial products makes this task easier for you.

But keep in mind that when you invest you must have savings. It is not recommended that you spend your piggy bank on different types of **investments** because many inconveniences can happen and the results will not always be positive.

If, after reading this **investment guide for beginners**, you came to the conclusion that you can invest in any of these alternatives, we invite you to continue informing yourself, to know your type of risk and which entities can help you better manage your money.

And if you want to continue knowing more ways to **invest your money**, we invite you to know the best ways to generate income online!