

A scenic landscape featuring a row of seven white wind turbines on a grassy hill. In the foreground, there is a field of golden-brown hay with several large hay bales. The background shows a dense forest and a body of water under a clear blue sky with a few clouds.

# Beginner Risk-Free Investments

# 1. What are Risk-Free Investments?

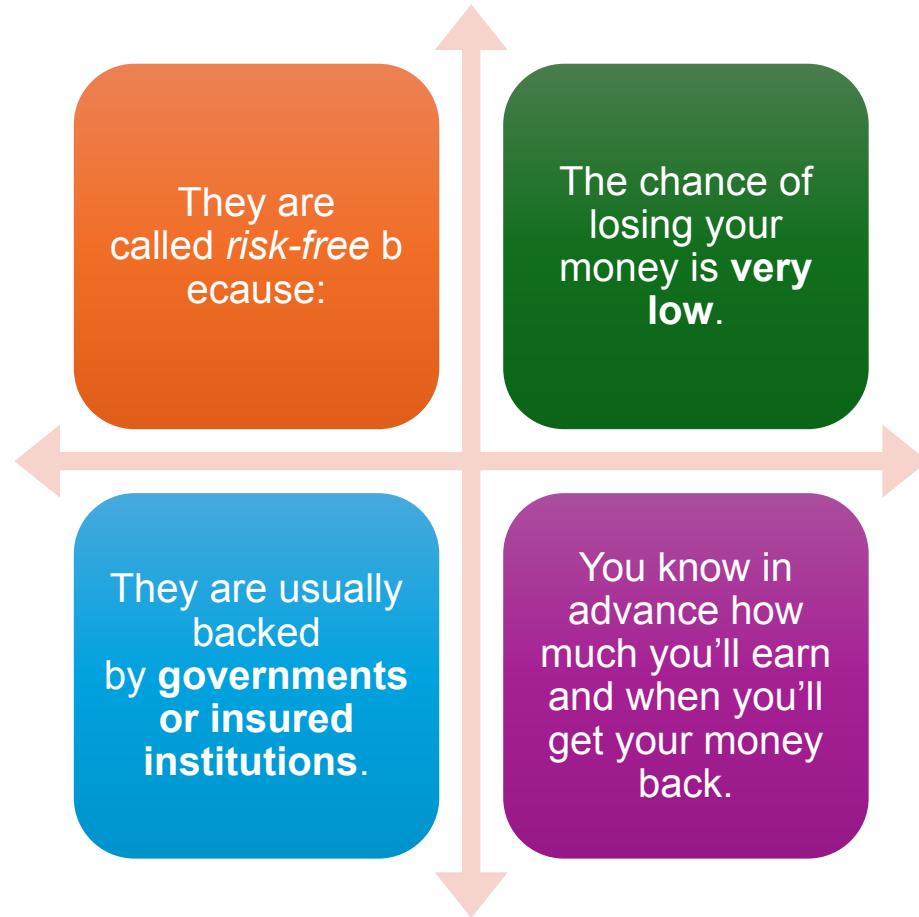
A **risk-free investment** is one where you are almost certain **not to lose any money** and you are **guaranteed to earn a small, fixed return**.

These investments are considered the safest options for people who prefer **security over high profits**.





## 2. Why are They Called “Risk-Free”?



# Common Examples

- **Savings Accounts:**  
Safe and easy to access; often insured by the government.
- **Certificates of Deposit (CDs):**  
Fixed interest rate for locking your money for a set time.
- **Government Bonds (like U.S. Treasury Bills):**  
Short-term loans to the government that always pay back with interest.
- **Money Market Accounts or Funds:**  
Low-risk accounts that earn small returns by investing in short-term government securities.

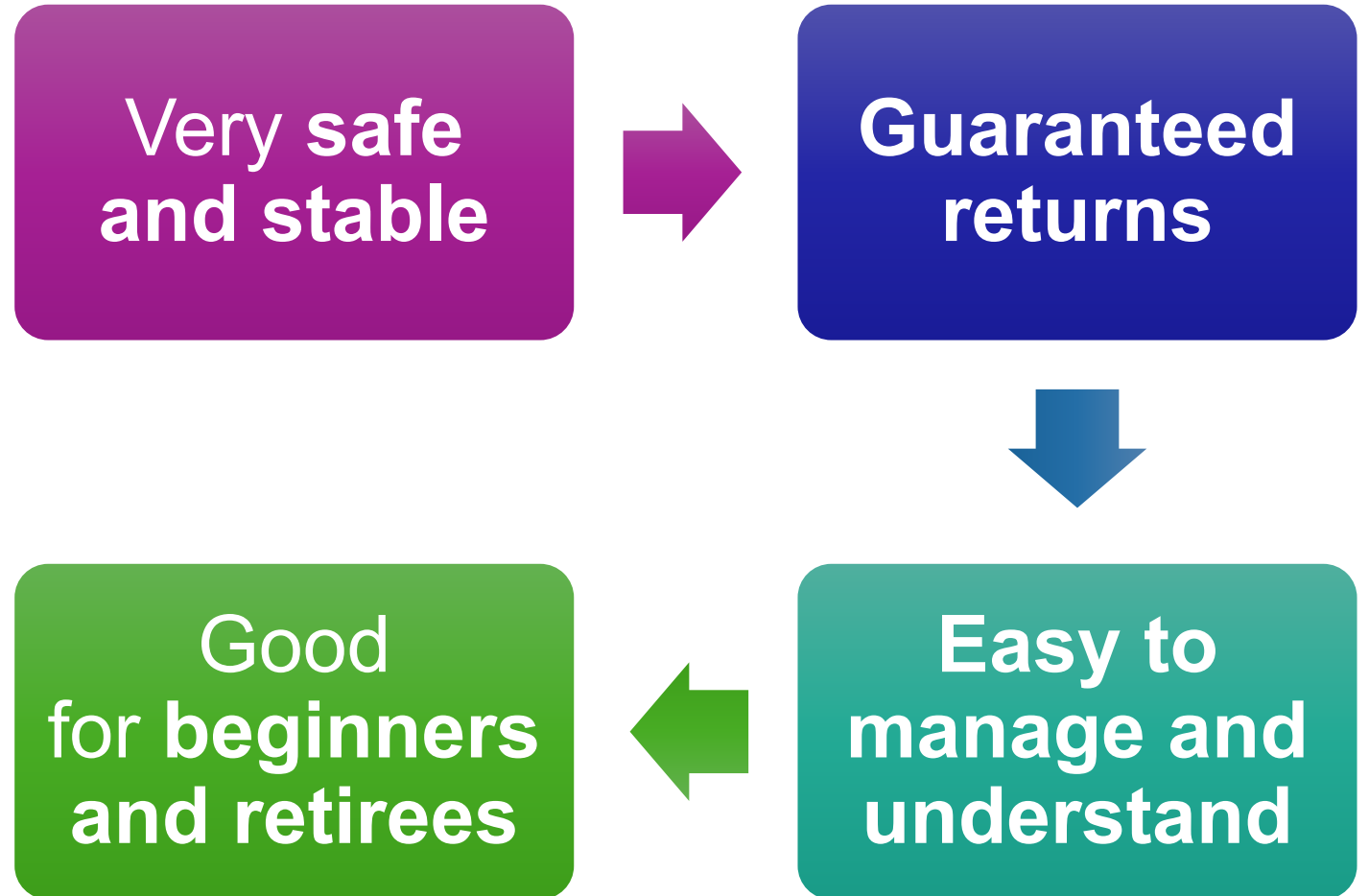


## 4. Why People Choose Them

- **protect their money** from loss.
- To **save for short-term goals** (like emergencies, tuition, or travel).
- To have a **stable and predictable income**.
- To **diversify** their investment portfolio with safer options.



## 5. Advantages





## 6. Disadvantages



**LOW RETURNS** COMPARED TO RISKIER INVESTMENTS LIKE STOCKS.



**INFLATION** CAN REDUCE THE REAL VALUE OF EARNINGS.



**LIMITED GROWTH POTENTIAL** OVER TIME.



## 8. Conclusion

Risk-free investments provide a foundation of financial stability for beginners.

They are perfect for people who want safety, steady income, and peace of mind, especially when starting their investment journey.

While they don't offer high returns, they help you build discipline, protect your savings, and prepare for more advanced investing in the future.

For long-term growth, many investors later combine them with higher-risk assets like stocks or mutual funds — balancing safety and opportunity.



# Learning Assessment Questions 1

**What makes an investment “risk-free”?**

- a) It guarantees no loss of the original amount
- b) It provides very high profits
- c) It depends on market prices
- d) It is only available to companies

# Question 2

**Which of the following is considered a risk-free investment?**

- a) Cryptocurrency
- b) Treasury Bills**
- c) Company Stocks
- d) Real Estate

# Question 3

**Why do people choose risk-free investments?**

- a) To earn quick profits
- b) To protect their money from loss**
- c) To gamble with market trends
- d) To avoid paying taxes



# Question 4

**What is a Certificate of Deposit (CD)?**

- a) A short-term loan to a company
- b) A fixed deposit at a bank with guaranteed interest
- c) A risky investment in foreign currency
- d) A government grant

# Question 5

**Which is a drawback of risk-free investments?**

- a) High volatility
- b) Low returns compared to riskier assets**
- c) Difficult to understand
- d) No legal protection