Different Types of Investments

Overall, there are three different kinds of investments. These include stocks, bonds, and cash. Sounds simple, right? Well, unfortunately, it gets very complicated from there. You see, each type of investment has numerous types of investments that fall under it.

There is quite a bit to learn about each different investment type. The stock market can be a big scary place for those who know little or nothing about investing. Fortunately, the amount of information that you need to learn has a direct relation to the type of investor that you are. There are also three types of investors: conservative, moderate, and aggressive. The different types of investments also cater to the two levels of risk tolerance: high risk and low risk.

Conservative investors often invest in cash. This means that they put their money in interest bearing savings accounts, money market accounts, mutual funds, US Treasury bills, and Certificates of Deposit. These are very safe investments that grow over a long period of time. These are also low risk investments.

Moderate investors often invest in cash and bonds, and may dabble in the stock market. Moderate investing may be low or moderate risks. Moderate investors often also invest in real estate, providing that it is low risk real estate.

Aggressive investors commonly do most of their investing in the stock market, which is higher risk. They also tend to invest in business ventures as well as higher risk real estate. For instance, if an aggressive investor puts his or her money into an older apartment building, then invests more money renovating the property, they are running a risk. They expect to be able to rent the apartments out for more money than the apartments are currently worth – or to sell the entire property for a profit on their initial investments. In some cases, this works out just fine, and in other cases, it doesn’t. It’s a risk.

Before you start investing, it is very important that you learn about the different types of investments, and what those investments can do for you. Understand the risks involved, and pay attention to past trends as well. History does indeed repeat itself, and investors know this first hand!

[Insert Your Resource Box Here]

(Words: 366)