EVANS EDWARDS

FINANCIAL ADVISORS | WEALTH CREATORS

6 things to avoid as a new investor

Whatever your age, if you're thinking of dabbling in investments like shares, managed funds or cryptocurrencies, here are a few things to steer clear of. When looking to invest, it's generally wise to think about:

- Your current position and how much you can realistically afford to invest (consider what other financial priorities you have or existing debts you may be paying off?)
- Your goals and when you want to achieve them
- Implications for the short/medium and long term
- Whether you understand what you're actually investing in
- Whether you know how to track performance and make adjustments
- If you want to invest yourself, or with the help of a broker or adviser

As a general rule, investments that carry more risk are better suited to long-term timeframes, as investment performance can change rapidly and unpredictably. However, being too conservative with your investments may make it harder for you to reach your financial goals.

- Low-risk (or conservative) investment options tend to have lower returns over the long term but can be less likely to lose you money if markets perform badly.
- Medium-risk (or balanced) investment options tend to contain a mix of both low and high-risk assets. These options could be suitable for someone who wants to see their investments grow over time but is still wary of risk.
- High-growth (or aggressive) investment options tend to provide higher returns over the long term but can experience significant losses during market downturns. These types of investments are generally better suited to investors with longer term horizons who can wait out volatile economic cycles.

There are risks attached to investing, which means while you could make money, you might break even, or even lose money should your investments decrease in value. On top of that, liquidity, which refers to how quickly your assets can be converted into cash, may be an issue. Depending on what type of investment you hold or what may happen in markets at any point in time, you mightn't be able to cash in certain investments when you need to. Investments diversification can be achieved by investing in a mix of:

- Asset classes (cash, fixed interest, bonds, property and shares)
- Industries (e.g. finance, mining, health care)
- Markets (e.g. Australia, Asia and the United States)

The reason diversifying may be a good thing is it could help you to level out volatility and risk, as you may be less exposed to a single financial event. Many investors get caught up in media hype and/or fear and buy or sell investments at the top and bottom of the market. Like with anything in life, it is easy to get stressed and concerned about the future and act impulsively but like with other things this may not be a smart thing to do.

While there may be times when active and emotional investing could be profitable, generally a solid strategy and staying on course through market peaks and troughs will result in more positive returns.

If you would like to discuss investment options that suit you, please give Shaun or Vicky from Evans Edwards Financial Advisors I Wealth Creators a call on 4927 4588.

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We will guide you with a tailored approach that works for your circumstances. Give us a call on 4927 4588 (Rockhampton) or 4939 1766 (Yeppoon) to see how we can help.

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