



APRIL BLOG



TIPS FOR BEGINNER INVESTORS

Investing can be intimidating, especially for first-time investors. It's important to understand the risks and create a personalized plan that outlines your financial goals. Your investment journey is unique, so it's imperative to avoid comparing your journey to others. At Lukrom, we have more than 50 years of combined investment experience and have compiled the most important tips for beginner investors.

1. IDENTIFY YOUR INVESTMENT GOALS.

First and foremost, it's important to set goals prior to investing. Whether it's early retirement, financial freedom, or simply a 'fun fund,' you must lay out the 'why' behind your investment decisions. This will help you choose between the various types of investments, allowing you to enjoy success in attaining your financial goals. Keep in mind, no two investment plans are the same. Some investors are focused on the short term, while others are in it for the long haul. Some investors take a mild, conservative approach, while some go for high risk, high reward. You want your investment structure to make sense to you and help you reach your goals.

For example, if your goals align with early retirement or financial freedom, you may want to look at a long-term investment approach. On the other hand, if you are looking to take a vacation or start an emergency fund, a short-term investment approach may best achieve these goals.

Goals are also important when assessing the amount of risk to take. Long-term investments usually come with higher risk. These types of investments include real estate, stocks and growth assets. We believe a sound strategy to follow is to leave the portfolio as is for a longer period to make up for any losses incurred. Short-term investments may carry less risk and typically include bonds for example, CDs and money market funds.

Once your goals are set, stick to them as you embark on your investment journey.



2. DIVERSIFY YOUR PORTFOLIO.

Once you establish your plan and begin to choose where to invest, be sure to diversify your portfolio to help manage risk. If your money is not spread across multiple assets, you face increased risk if one investment sector underperforms.

Many investors use real estate to diversify their portfolios. Real estate tends to behave independently from the stock market, resulting in a low correlation between the two. In addition, real estate investors who invest in our iFund can earn a passive monthly income through compounded interest.



3. BE PATIENT

Time compounds investment returns, meaning investors must be patient and not make frequent changes. This enables the investor to watch their growth potential over time. This may be one of the most difficult things to do as an investor. We believe letting go of control and not panicking through market shifts is key to attaining success. The most successful investors understand market dips and changes and they don't react out of fear. Instead, they allow their investments to make up for losses over time rather than selling them off in a panic.

One benefit of real estate investments is that they are more likely to appreciate over time. Increasing property values allow investors to make greater returns on their initial investment.

If you need more tips on becoming a successful investor or want to create your own personalized investment strategy, reach out to a Lukrom team member today!

Disclaimer:

This is for informational purposes only, does not constitute individual investment advice, and should not be relied upon as tax or legal advice. Please consult the appropriate professional regarding your individual circumstance. Because investor situations and objectives vary this information is not intended to indicate that an investment is appropriate for or is being recommended to any individual investor.

Potential cash flows/returns/appreciation are not guaranteed and could be lower than anticipated. Diversification does not guarantee a profit or protect against a loss in a declining market. It is a method used to help manage investment risk.

There are material risks associated with investing in private placements and real estate securities including illiquidity, speculation, general market conditions, interest rate risks, financing risks, potentially adverse tax consequences, general economic risks, development risks, and potential loss of the entire investment principal.