Tips for Long Term Equity Investment

Looking for tips on equity investments and things to keep in mind? Here are points to help you keep your investments balanced for growth potential.

1. **Consider the long term.**

   Most experts will advise you to let your money ride the roller coaster if you are investing for the long term, for a specific financial goal.

   If you try to predict the market's ups and downs, you risk selling before an upturn and then waiting on the sidelines when it bounces back. Missing even a few days might have a significant financial impact.

2. **Understand the risk factors.**

   Even if you stay in the market for the long term, there may be risks to investing in shares. Knowing your goals and risk tolerance will help you choose assets that are suited for you, so that you may ride out fluctuations in the market with comfort.

   - **Risks range from capital risk, in which you risk losing your investment, to legislative risk, in which changes in tax legislation may make particular investments less attractive.**
   - **Different types of financial products carry different levels of risk. It's important to keep in mind that higher rewards usually come with a higher amount of risk.**
   - **Before investing, evaluate the risks, fees, and expenses related to the products you're thinking about buying and determine if they're in your comfort zone.**
   - **It is also critical to ensure that your investing decisions are consistent with your investment objectives and time horizon.**

3. **Diversification of assets.**

   "Diversification" means investing in a variety of assets with different risk/return characteristics. You can accomplish this by spreading your investment money across several asset types, or by diversifying within a specific asset category.

- **By investing in various asset classes, you reap the benefits when one or more categories are doing well while limiting the potential for harm when a category performs poorly.**
- **If you invest in more volatile assets, such as small capitalization companies, you should also invest in assets that are generally considered to be more stable, such as large-capitalization companies, so the risk profile of your overall investments balances out.**
- **Investing in products that are managed by professional money managers may be a good idea, too, because some diversification is often already built in. Depending on the product, money may be invested in a wide range of equity investments. You simply choose a product that is suitable for you and that meets your risk comfort level.**

4. Cost Averaging

Cost averaging means you systematically invest a fixed amount of money at regular intervals. The objective of dollar-cost averaging is to reduce the average price you pay for the securities, since you will buy more when the price is low and fewer when the price is high.

- **With cost averaging, you don't try to time the market. Rather, you invest at regular intervals and hope that, by doing so, you'll even out the effects of market volatility.**
- **Cost averaging does not assure a profit, nor does it protect against losses in declining markets. To be effective, there must be continuous investment, regardless of price fluctuations. Investors should consider their financial ability to continue to make purchases through periods of low-price levels.**

5. While investing, protect your tradition

- **While investing in the market can be financially rewarding, the importance of protecting yourself and your family against unforeseen events through proper life insurance solutions cannot be overemphasized.**
- **As investment markets rise and fall, life insurance and fixed annuity products can provide enduring protection for a family and their future.**