

MODULE 4, LESSON 1.1 WORKSHEET



Risk, Time Horizon & Building the Right Asset Mix

Investing Essentials for Beginners

Key Concepts at a Glance

- **Time Horizon:** How long your money can stay invested before you need it.
- **Risk Tolerance:** How emotionally comfortable you are with investment ups and downs.
- **Asset Allocation:** The mix of investments in your portfolio, usually equities and bonds.
- **Core Idea:** The right investment mix depends on your goals, timeline, and emotional comfort.

A Simple Example

Risk in investing is not one-size-fits-all.

Two people can invest in the same fund, but if their timelines or emotional tolerance differ, their portfolios should look very different.

*The longer your time horizon, the more risk you can usually afford.
The shorter your time horizon, the more cautious your approach should be.*

Common Asset Allocation Examples

High Risk: Mostly equities, suitable for long time horizons and higher tolerance for volatility.

Medium Risk: A balanced mix of equities and bonds for growth with some stability.

Low Risk: Higher allocation to bonds, focused on protecting capital over growth.

Take a Moment to Reflect

- When do I realistically need to access this money?

- How would I react if my investments fell by 20–30% in a short period?

- Do I prioritise long-term growth or short-term stability right now?

- How comfortable am I with market volatility during difficult periods?

- Does my current approach match both my timeline and my emotions?

Key Takeaway

The best portfolio is not the riskiest or the safest.
It's the one you can stick with through market ups and downs.

What Comes Next?

In Lesson 4.2, we'll explore where and what to invest in, including countries, sectors, and how to build global diversification.

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