

MODULE 4, LESSON 1.2 WORKSHEET



Choosing Where and What to Invest In

Investing Essentials for Beginners

Key Concepts at a Glance

- **Geographic Exposure:** The countries and regions where your investments are based.
- **Sector Exposure:** The industries your investments are spread across.
- **Company Size:** Whether a fund invests in large, mid, or small companies.
- **Core Idea:** Broad diversification helps reduce reliance on any single market, sector, or company size.

A Simple Example

You invest in a single global index fund.

That one fund may include:

*companies in the US, UK, Europe, and Asia
technology, healthcare, finance, and consumer businesses
large, medium, and small companies*

Instead of relying on one country or sector, your money is spread across the global economy.

Common Ways to Invest

Global Funds: Invest across many countries, currencies, and industries in one fund.

Single-Country Funds: Focus on one market, such as the US or UK, with higher concentration risk.

Sector Funds: Focus on specific industries and are more volatile.

All-Cap Funds: Include large, medium, and small companies for broader exposure.

Most long-term investors start with global diversification and only add complexity if they understand why.

Take a Moment to Reflect

- Do I prefer broad global exposure or focusing on specific countries?

- How comfortable am I with higher volatility for potentially higher returns?

- Do I understand which sectors and regions my investments would be exposed to?

- Would a single global fund meet most of my long-term investing needs?

- Am I choosing investments based on understanding, or on familiarity and trends?

Key Takeaway

Good portfolios are built on diversification and simplicity.
You don't need many funds, you need the right structure.

What Comes Next?

In Module 5, we'll move into the practical steps: choosing a broker and buying your first index fund, with step-by-step walkthroughs.

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