4 time-tested investment strategies for young investors

The newest generation of young investors were raised during the Age of Information.

Growing up alongside the internet, this generation has been exposed to more information and technological advancement than any generation before them.

Young investors have greater access to education around investing, more diverse opportunities for investing, as well as a rise in social media content creators creating communities around building wealth – making this topic much more popular among younger generations.

However, the world of investing can still seem intimidating, especially for young adults who are just starting out.

While investing does involve risk, there are some time-tested investing strategies that all young investors should adopt to set themselves up for success:

1. Know your financial goals

Before investing, it's essential to know what you're working towards. Are you saving for a house deposit? Or are you building wealth so that you can retire early? You may want to launch a business. Or start a family?

Knowing your financial goals can help determine the best investment strategy for you.

Once you have set your goals, you can develop a financial plan for achieving these through investing.

2. Start small and grow your portfolio over time

When starting, you might think you don't have "enough" to begin investing.

Starting small and gradually increasing your portfolio over time is a great way to begin. It allows you to "learn the ropes" and build your knowledge and confidence over time, without feeling like you have too much at stake.

Getting started sooner rather than later also means you're taking advantage of the power of compounding returns. Compounding returns happen when you reinvest your investment earnings, allowing your investments to grow over time. The earlier you start investing, the more time

your investments have to compound, leading to significant long-term growth.

3. Diversify your investments

You might have heard the term 'Don't put all your eggs in one basket', which, in the world of investing, translates to 'Don't put all your money in one investment'.

Diversifying your investments across different asset types is a key strategy that can be used to lower portfolio risk and provide more stable investment returns.

4. Keep calm… and remember your investment plan

Investing should generally be viewed as a long-term strategy, as markets are cyclical and typically go through periods of growth, decline and stagnancy.

This means that you will likely experience a market crash at some point in your investing journey, which can be a scary time for investors.

It's important to stay calm and avoid making impulsive investment decisions. In many cases, the best strategy during a market crash is to stay the course and stick to your investment plan.

Further, market corrections can often present a great opportunity to invest as markets sell off and asset prices reduce. As Warren Buffet said: *"Be fearful when others are greedy and greedy when others are fearful".*

While investing may seem daunting at first, incorporating these fundamental strategies will pave the way for success.

And a final tip… Seek expert guidance!

A financial adviser can help you set achievable financial goals, plan ahead, and making informed investment decisions that will keep you on track towards building lasting wealth.

Don't navigate the financial world alone - let your adviser be your partner in success!

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