

MANAGEMENT OUTLOOK



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The Best Investment Style for Your Financial Objectives

When you embark on stock investing you should first define your financial objectives. The latter should determine your investment style in order to get the desired results.

Typically four major investment styles conformed to the different financial objectives are distinguished.

LONG TERM STOCK INVESTING
SACRIFICING RETURN FOR SECURITY
SEARCHING FOR INVESTMENTS THAT PAY REGULAR DIVIDENDS
FREQUENT TRADING (SPECULATION)

However, it is not obligatory to use only one of these investment strategies, but instead you can combine them.

Investment Style 1 - Long Term Stock Investing

The main investment objective when choosing this option is capital appreciation. This objective is most commonly met in different retirement plans. This is so

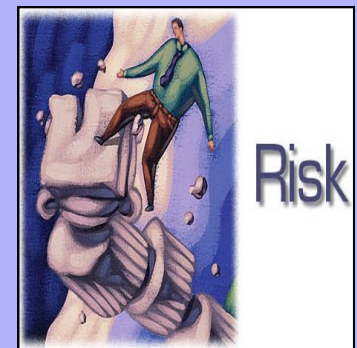
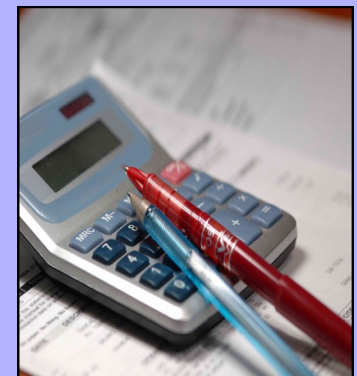
since investments are left to grow for long periods of time until retirement is reached. Still, capital appreciation is not restricted only to retirement plans.

If you follow this objective then you should plan for the holding of stocks for a long period of time. Stocks are left to grow with time and the resulting dividends are reinvested in further stocks. As part of this style the frequent and regular purchase of shares is included.

Having a long-term focus, the everyday market fluctuations are of no difference to you. However, you should make regular examinations of the business fundamentals, which may have a negative long-term impact on your stock.

Investment Style 2 - Sacrificing Return for Security

This investment strategy is typically preferred by people that are nearing their retirement or have already entered it. Their main financial



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objective is capital preservation and safety represents their top priority.

Since these elderly people are nearing their retirement unreasonable investments are not allowed because these investors don't have enough time to fix the losses.

If your objective is capital preservation, then it is recommended to keep your money in US Treasury issues, savings accounts and CDs.

Investment Style 3 - Searching for Investments that Pay Regular Dividends

Generally, investors follow this investment style when their financial objective is current income. Following it means searching for investments that pay regular dividends. Besides, top-quality real estate trusts (REITs) and highly-rated bonds are also often recommended as investment solutions if you are an income investor. This is so since they will provide you with income on regular basis.

Typical current income seekers are retirees, who manage to finance their daily expenses through the generated by the investment income. On the other hand, the accumulated income can be also used to generate money for the purpose of financing other needs, such as college tuition fees, without even using the principal.

Investment Style 4 - Frequent Trading (Speculation)

If you are a speculator then you are probably buying and selling stocks very frequently. Thus, sometimes speculators are not classified as investors due to their frequent trading activities.

Often referred to as traders, speculators' main financial objective is to win profit by selling and buying stocks through the implementation of such tools as trading on the margin, shorting stocks, options and etc. Contrary to investors, traders don't establish any link with the company of which they purchase a stock. All they are interested in is the volatility of the stock and its profitability.

Speculators main focus is profits and their quick generation. However, speculation carries a high level of risk, so if you want to embark on such activities make sure that you are ready to lose the money you are using.

Finally, having in mind these financial objectives make sure that your style of investing meets the objectives you follow.

To be a successful investor you need two main things - the knowledge and the right trading platform.

