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3.5 Investment

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## Introduction

What do we mean by ‘investment’? The Oxford English Dictionary offers two definitions: *“The action or process of investing.”* and, *“A thing worth buying because it may be profitable or useful in the future.”* Looking at the word ‘invest’ gives several definitions including: *“To put money into financial schemes, shares or property with the expectation of achieving a profit.”* and, *“Devoting (one’s time and energy) to an undertaking with the expectation of a worthwhile result.”*

It would be wise to remember these definitions if you’re thinking of making any kind of investment. It’s also important to think about what they mean. No one makes an investment with the expectation of losing money – we expect to make money. But we’re constantly reminded that the value of any type of investment can go down as well as up. We may make money – but we may lose money. So how do we reduce the risk of losing money and increase the probability of making money? Which brings us to the second definition. It’s very easy to have unrealistic expectations about investment – not only do we expect to make a lot of money in a short period of time, we expect it to happen without much input from us. There’s a tendency to ‘dabble’, and then become dismayed when we lose money.

There are an almost infinite number of things we could invest in – but how do we choose? How do we know what’s right for us? We could invest in just a few well known stocks and shares, we could invest in ‘pooled type’ investment funds, gilts, corporate or government bonds, commodities, and they could be anywhere in the world – the UK, Europe, the USA, the Far East. And do we do it ourselves, and if so how, or do we get someone to do it for us?

Perhaps we should turn to those who have succeeded. Take Warren Buffet for example. Warren was born in 1930 and started his investment career at age 11. Four years later, aged 15, he was worth \$6,000 (c.\$81,000 today) and is currently worth a staggering \$80

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billion. He's the second richest person in the world – and, as the 'Oracle of Omaha', he's quite happy to give advice.

Warren's first rule is that there are only two rules for investing: "*Rule No. 1: Never lose money. Rule No. 2: Never forget Rule No. 1!*". Fortunately, he added a few more rules to help us including: "*Risk comes from not knowing what you are doing.*", "*If you aren't thinking about owning a stock for 10 years, don't even think about owning it for 10 minutes.*" and, "*The people who are most successful are those who are doing what they love.*"

There are a number of recurrent messages in Warren's quotes. The first is that you should only consider investment as a long-term activity; the second is that you need to know what you're doing – to 'devote your time and energy to it'.

### **How can One Financial Solutions help you?**

*"It's not about timing the market, it's time IN the market that counts."* is another of Warren Buffet's legendary quotes. Apart from re-emphasising that investment should be treated as a long-term venture, it also underlines that 'being in the market' helps build the all-important store of knowledge and experience you need to be successful – something you can't pick-up quickly.

One Financial Solutions is here to help you. Our advisers are experts who live and breathe investment – it's how they make their living. They'll take time to talk to you about your financial objectives, the level of risk you're prepared to accept and any investment preferences you may have. They'll provide expert guidance and, once you're happy to go ahead, they'll put everything in place and keep you updated for the duration of your investment.



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So, if you're looking for help with any aspect of investment, please call us on 020 3714 9565 or ask us to call you by sending an email to [admin@onefinancialsolutions.co.uk](mailto:admin@onefinancialsolutions.co.uk).