



# Major Types of Investment

BY [The Sagicor Advisor](#) | Posted [January 08, 2019](#) | In [Investments](#)

Mutual Funds. Stocks. Bonds. You're familiar with the names, but how much do you know about these major types of investments? Read on to learn more on how you can use them to fill your portfolio.

## Stocks

Stocks represent shares of ownership in companies and are traded on public markets. Their value fluctuates based on many factors including company performance, sector trends and economic cycles.

Stocks in public companies tend to perform well in the long term and will tend to outpace other investments and inflation. They also usually offer dividends – payout of part of the profits that the company makes each year.

The long-term performance and the dividends together make stocks an important part of any investor's portfolio.

## Bonds

By purchasing a bond, you are essentially lending money to the company or government that issues the bonds, not taking a share of ownership like you would with stocks.

Bonds pay interest and can fluctuate in value, but generally not as much as with common stocks.

## Money Market Instruments

Money market instruments are fixed-income securities with short term maturity. They are interest bearing and stable in value, but can fail to outstrip inflation over the long term.

## Mutual Funds

Mutual funds are investment products that pool funds of many investors and invest them in a mixture of the above - stocks, bonds, money market instruments and more.

They can focus on sectors of the economy, bonds, stocks or a mix and can be used to invest locally, regionally or internationally. When you purchase mutual funds, you are buying units of the fund and you share in its gains and its expenses.

## Your Investment Strategy

Foreign investing is a wise way to bring diversity and stability to your portfolio. If you are subject to foreign exchange control, geographically diversified global mutual funds are an excellent way to invest in international markets.

The way in which your investments are taxed can make a significant difference to their attractiveness. Capital gains and losses (changes in the value of an investment), dividends and interest all have different tax treatment in different countries.

Your Sagicor Advisor is versed on your local tax rules and will advise you on how they should influence your investment strategy.

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