



Introduction to Investments and Risk

Welcome to the first week of our investment course. This module will introduce you to fundamental concepts in investments, focusing on the relationship between risk and return. We'll explore different types of investors, markets, and key investment principles that will form the foundation for the rest of the course.

Module Overview and Assessment Breakdown

Course Structure

This 7-week module introduces essential investment concepts, beginning with fundamentals and progressing to advanced strategies. Each week builds upon previous knowledge to develop a comprehensive understanding of investment principles.

Assessment Components

-  Weekly quizzes (20%)
-  Mid-term case study (30%)
-  Final investment portfolio project (50%)



What is Investment?

Capital Allocation

The commitment of resources (typically money) in the expectation of deriving future benefits. Investments involve sacrificing present consumption for potential future returns.



Time Dimension

Investments typically involve a time horizon, ranging from short-term (days/months) to long-term (years/decades), with different strategies for each.



Value Creation

The process of putting capital to work in various assets or ventures with the aim of generating income or appreciation over time.

Importance of Risk Management

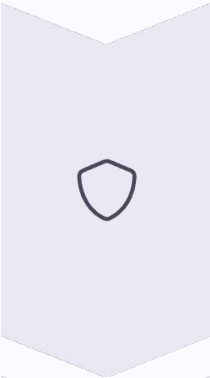
Risk management is the cornerstone of successful investing. Without proper risk assessment and mitigation strategies, even the most promising investments can lead to significant losses.

The first rule of investment is don't lose money. The second rule is don't forget rule number one.

Effective risk management involves identifying potential threats, quantifying their impact, and implementing strategies to minimize exposure while maximizing potential returns.



Risk vs Return: The Core Trade-Off



Low Risk

Treasury bonds, certificates of deposit, and money market accounts offer safety but typically provide lower returns that may barely outpace inflation.



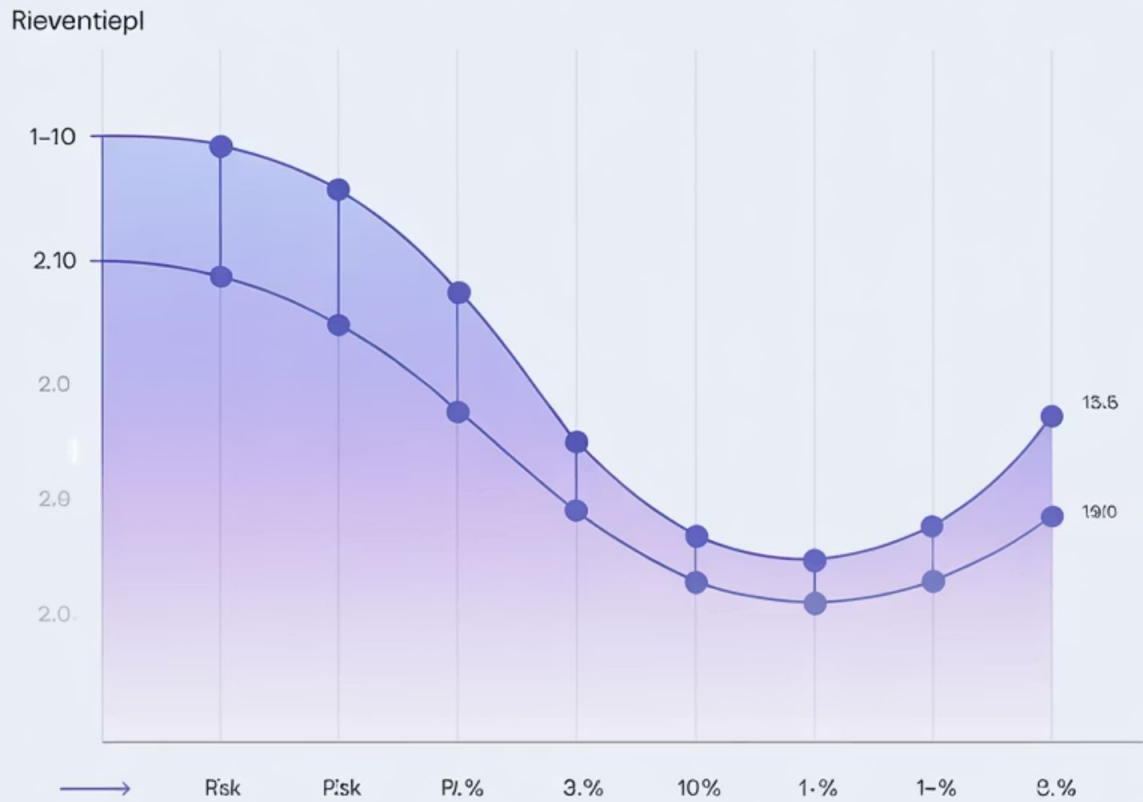
Medium Risk

Corporate bonds, dividend stocks, and real estate investments balance risk and return, offering moderate growth potential with manageable volatility.



High Risk

Growth stocks, venture capital, and cryptocurrency investments offer potential for substantial returns but come with significant downside risk and volatility.



Understand your investment potential

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Types of Investors: Individual vs Institutional

Individual Investors

- Retail investors managing personal portfolios
- High-net-worth individuals with sophisticated strategies
- Typically have limited capital and resources
- Often focus on retirement planning and wealth building

Institutional Investors

- Pension funds managing retirement assets
- Endowments and foundations with long time horizons
- Insurance companies balancing liabilities with investments
- Sovereign wealth funds managing national assets

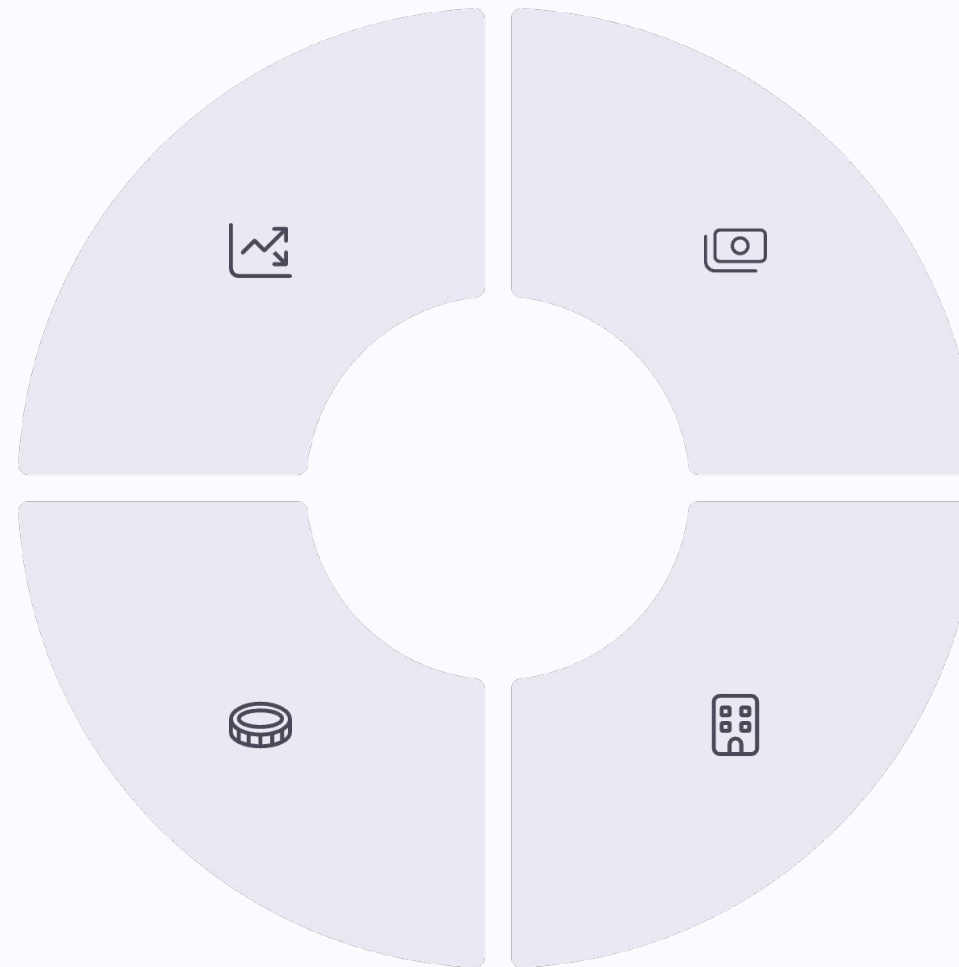
Overview of Investment Markets

Equity Markets

Stock exchanges where company ownership shares are traded, including NYSE, NASDAQ, and global exchanges.

Alternative Investments

Private equity, hedge funds, commodities, derivatives, and cryptocurrency markets.



Fixed Income

Bond markets where government and corporate debt securities are issued and traded.

Real Estate

Property markets including residential, commercial, REITs, and development projects.



Key Concepts Preview: Diversification, Portfolio, Metrics

Diversification

The strategy of spreading investments across various asset classes to reduce risk exposure and potential volatility.

Portfolio Construction

The art and science of combining different investments to achieve specific financial goals while managing risk appropriately.

Performance

Metrics Measuring investment success, including returns (absolute and relative), risk-adjusted measures, and benchmarking.

These fundamental concepts will be explored in depth throughout the course, providing you with the analytical framework needed to evaluate investment opportunities.