CONNECT INVEST

A Guide for New Investors:

What to Consider and How to Get Started

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Investing isn't an easy task. And among the library of investment books promising no-fail strategies for riches, there's no definitive method for investing. However, there are best practices and considerations that every investor should think about before spending their hard-earned money.

Today, with investment platforms, advisors and the everyday social media guru sharing advice and tips everywhere we look, investing has been deemed "easier than ever". But just because there are quick and abundant options available, it doesn't mean that they're the right investment options for you.

We have seen a rise in young people investing during the pandemic, many of which had never invested before. In fact, we surveyed Americans in 2022 and found that nearly 40% said they would place more importance on their investments than they did in 2021. For others, it may be the first time they're considering investing outside of a traditional bank. No matter the reason, people have been able to save a little more money than they could in years past, and some for the first time. Because of this and early-pandemic market conditions enabling major growth, people wanted to dive in and test their luck. However, investing requires research, knowledge and sensibility. So, whether you're trying to earn a little more income, save for your first downpayment on a home or fund your retirement, you'll need to consider a few things first.

The economy and the markets have significantly altered since the height of the pandemic. Markets have become extremely volatile and the government has begun to raise interest rates to help combat inflation. Thus, it is vital for new investors to consider all these conditions before investing and that means conducting adequate research on all the investment options that are available. When investing, it is always important to think long-term and not expect short-term gains. In this guide, we hope to provide you with some basic tips on how to start investing and connect you to investment opportunities that yield returns that meet your investment goals.

Do Your Research

It has become very easy to invest these days. With just a few clicks and a couple of minutes you can simply download an app, connect your credit card or bank account, fund your wallet and make an investment in just about anything. No longer is there a need to go to a bank and have a financial advisor guide you or meet a certain minimum financial requirement before being able to invest.

While investing has become increasingly democratized to the average person, this does not mean that you should just invest anywhere. Investing takes a lot of research and work. While everyone's ultimate goal is to have your money work for you, this is not a simple task. You need to understand how to achieve this properly and choose an investment style and strategy that best suits you.

Traditionally, people would go to a financial institution, see a financial advisor or read financial books and magazines for investment research and advice, but as things become increasingly more accessible on the internet and social media, younger investors are now doing more of their own research online. They are also looking to 'finfluencers', financial influencers that is, on TikTok or YouTube and financial bloggers for investment advice. It's always important to do thorough research and to take all advice moderately. Investing is complex, it's not one size fits all and there are many factors to consider - what could work for one person might not work for another.

Consider Your Investment Style

Fundamentally, there are two styles of investing: active and passive. You must consider the investment style that works best for you, based on your knowledge of investing and the amount of time that you can regularly put towards managing your investments.

Active investing will require more of your time and more knowledge. While active investing can potentially yield high returns, it can also be much more risky. Active investing is often recommended for individuals who are professional investors or have a high degree of knowledge within the area that they are investing in. Active investing takes a lot of time, knowledge, learning and dedication and if you fail to keep on top of your investments it could potentially be financially risky.

For the average individual, passive investing may be worth considering. It requires less of your time and efforts, and will often be more stable as a professional investor or financial institution is managing your portfolio. Yields can still potentially be high, but when you invest passively through an institution, you can often expect modest, and more importantly, stable returns.

Consider Your Budget and Risk Tolerance

When beginning to invest, you also need to take into consideration your budget. How much money you have available to begin investing and how much you can regularly put towards investing. As a first-time investor, it might be best to start small and slowly increase your budget as you get more comfortable with your investments. It's a test and analysis approach. Remember that as much as there is room to make money through investing, there's also always a risk that you'll lose money.

You also need to consider your overall risk tolerance - high, medium or low. If you have a tight budget then it might be best to be more risk averse and as you have more money to invest you can increase your risk tolerance. Younger investors tend to have a higher risk tolerance as they feel that they have more time to make back any potential losses, whereas, older investors are more risk averse as they reach closer to retirement, they want investments that will provide them with stable returns.

It's usually recommended that you diversify your portfolio between high, medium and low-risk investments. Having stable low to medium-risk investments will help offset any potential risks that come from high-risk investments. Everyone's investment budget and risk tolerance are different, investing isn't a one size fits all model and you should always consider these factors before you start investing.

Practice Investing

As easy as it is to begin investing, it's not always best to just jump right in. There are also a lot of tools available to teach you how to invest and help you practice before you start investing with real money that could have real consequences. Create a mock portfolio first and try investing without involving the risk. Try out various investment styles and see what works best for you. Based on the success of your mock portfolio, you can then move forward and build out a real portfolio using the investment style and strategy that worked best for you.

Picking an Investment Strategy that Works Best for You

Young people often opt for stock or crypto investments due to their potential for high gains, but as we are currently experiencing now, the markets can be extremely volatile and it's best not to put all your eggs in one basket. While it's always good to have a well-rounded portfolio, many of the 'safer' and more stable options offered by traditional banks like CDs, bonds and savings accounts that provide passive fixed income investments don't yield interest at a high rate and your money is often held for long increments of time that can be up to 30 years.

It's important to reflect on why you want to invest, and what it is that you're trying to achieve. Are you looking for short-term gains, or to build wealth over time? Do you want to contribute to a retirement fund or are you looking for monthly income? Maybe you need to think about a combination of active and passive investments, which means you'll likely need a diverse portfolio. No matter what you're trying to achieve, identifying your goal can be a helpful way to direct you toward the type of investment that is right for you.

Consider Alternative Investments

Alternative investments are investments not traded on an exchange like stocks and bonds are. Alternative investments can often be collateral-backed investments, most commonly in real estate by owning rental property or investing in REITs - (real estate investment trusts) that own or finance income-producing real estate across a range of property sectors including apartments, warehouses and commercial. However, alternative investments can include other collateral, usually luxury items such as cars, artworks, watches, and minerals.

Collateral-based investments are often lucrative during times of inflation because they are often more secure than investment opportunities tied to the stock market. Specifically real estate investments have a history of being one of the more safer and stable investments with long-term growth. This is because there is always a demand for both residential and commercial real estate, and it's significantly more resistant to emotional-based decisions i.e. real estate typically takes longer to sell, and therefore hesitancy in the market is slow to impact this type of asset class, if at all.

At Connect Invest we offer alternative investment opportunities in collateral-backed loans in the form of real estate short notes that fund a diverse set of real estate development projects in both commercial and residential classes throughout the country. All projects are funded across different phases of the project which include acquisition, development, and construction. Investments can be tailored to your risk tolerance, amount of investment and length of investment.

	Interest Rate	Note Term
Short Note VI	5.5%	6 months
Short Note XII	7.25%	12 months
Short Note XXIV	9.0%	24 months

Our investment strategy provides you with fixed monthly passive income. If you'd like to learn more about our real estate short notes and see if it's the right investment strategy for you, visit our website at www.connectinvest.com.