

A photograph of dandelion seed heads against a black background. In the foreground, two large, fully developed seed heads are in focus, showing their intricate, feathery structure. In the background, several smaller seed heads are shown in various stages of dispersal, with their seeds floating away. The overall composition is clean and minimalist.

THE INVESTMENT PYRAMID

A GUIDE TO YOUR INVESTMENT JOURNEY

INVESTMENT PYRAMID



Wealth creation in all societies is only made possible when we adopt a culture that fosters a strong desire towards investing in profitable ventures while ardently expecting a decent return on the capital. Investing, just as any other behaviour, can be learned through a process of deliberate practice and gathering experiences repeatedly.

The investment pyramid is a guide towards creating a behaviour of investing that can be nurtured over a lifetime. All categories of investment have an inherent risk component built within them. What the investment pyramid does is to help you prioritise capital in a manner that is appropriate. Using the investment pyramid, you can allocate capital and prudently build an asset portfolio while you manage the impact of risk. Using this tool, you will be able to prioritise how you use capital while building assets from the bottom (safe investments) to the top (high-risk investments). The pyramid is divided into three main sections. Like building a house, you start with the foundation, then move up to the walls and finally, the roof.

INVESTMENT PYRAMID

1. Foundation investments

- a. Knowledge (Lifelong investment)
- b. Fixed income
- c. Land
- d. Property
- e. Saving

2. Wall investments

- a. Start a business

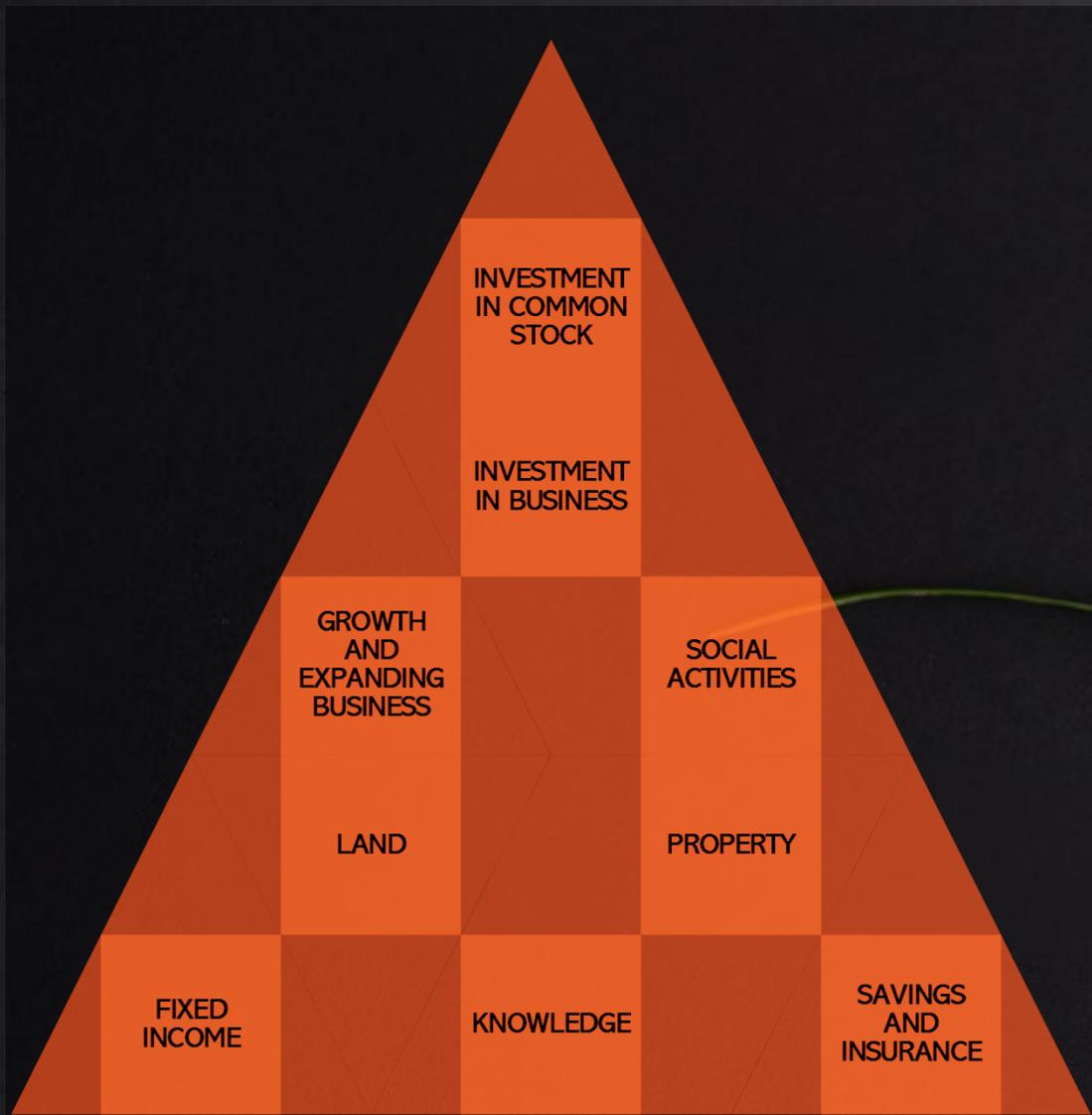
b. Early-stage business

- c. Social activities

3. Roof Investments

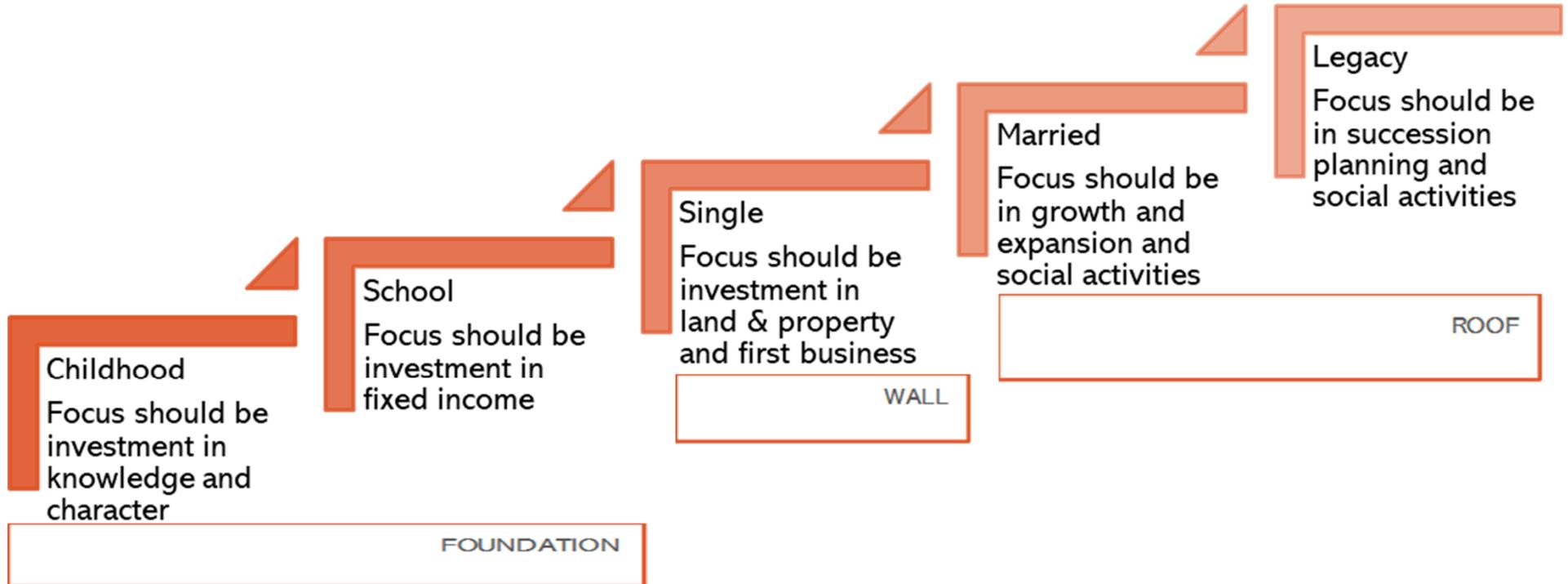
- a. Mergers and acquisitions
- b. Investment in public stock
- c. Global social activities

In the diagram below you shall observe that savings and insurance is part of the foundation. It is important to note that savings and insurance are not investment item. Insurance and savings are facilities that try to mitigate external risk, risk that cannot be managed internally. For example, a life insurance policy, can reduce the burden on the family in the event that the breadwinner in the family dies.



INVESTMENT PYRAMID AND AGE

A good way to look at the investment pyramid is to look at it in the stages of one's life. The pyramid here should just guide you on the kinds of investments you should be thinking about and putting your money into. Life circumstances will vary for different people and therefore look at this as a guide as opposed to a law that is cast in stone.



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business:

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