investing insiders

✨ Guides

What Investments to Choose as a Beginner

Investing doesn't have to be complicated!

Here are some super simple suggestions that will help you manage risk while still aiming for great returns.

A couple of important points before you dive in

Risk. All investing comes with some risk, but that doesn't need to put you off. Instead, adopt some super simple tactics to manage that risk.

1

Don't put all your eggs in one basket

This is called diversification — spreading your money across different investments so one drop doesn't sink the ship. Index funds make it easy by doing this for you!

2

Think long term

The stock market can bounce up and down in the short term, but over the long haul (think 5–10 years or more), it's historically gone up. So don't panic if things dip for a while. That's totally normal.

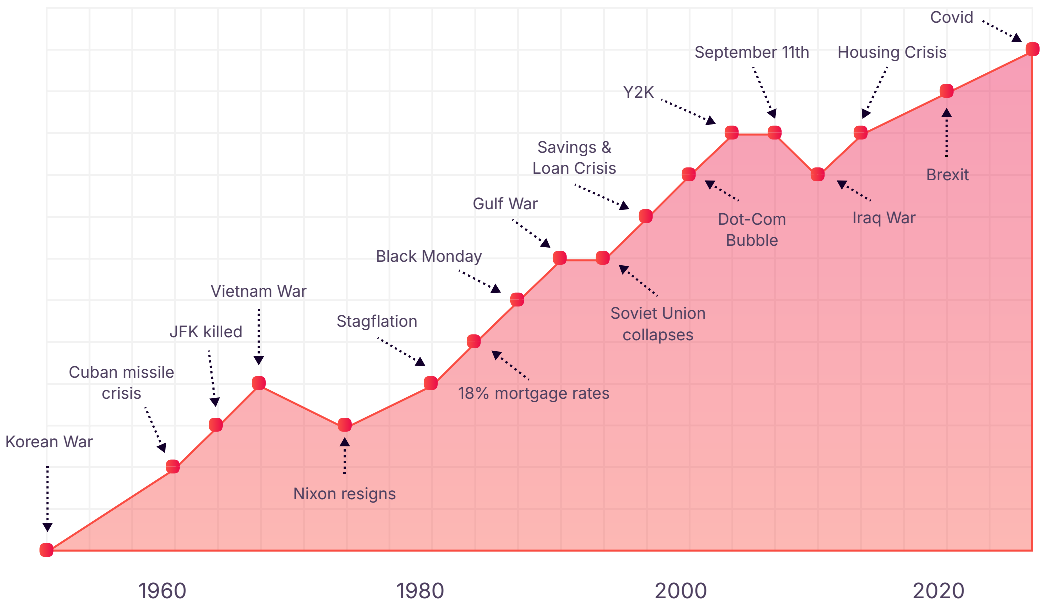
3

Don't invest with money you might need to get your hands on

The money you may need should be kept in a high-interest account. Investing is for long-term goals and the growth of your wealth, not for emergency funds.

Never stop investing

Since the Great Depression, the stock market (S&P 500) has corrected many times but the average time to recover from a 5%-10% downturn is just three months.



Source: Log graph of $10k invested in the S&P 500 in 1950

What to Invest In - Keep It Simple

You don't need to be a stock-picking wizard. Many beginners find it easier (and less stressful) to invest in ready-made portfolios or funds.

Ready-Made Portfolios

Some platforms manage all this for you with something referred to as a ready-made portfolio.

This is basically a mix of assets that are professionally managed by experts and adjusted over time. Think of them like a ready meal - the shopping, prepping and cooking have been done for you.

Pros	Cons
Quick and easy	Not all platforms offer these
Can be matched to your risk appetite	Usually come at a higher cost than funds
Managed by experts	Historical performance has been a little lacklustre

If this sounds like the best option for you, we have compared the historical returns of all the ready-made portfolios available. While this won't guarantee future returns, this could help you to choose.

Funds

Funds are basically a basket of lots of stocks (and sometimes other assets), so you can own a piece of many companies rather than having all your money riding on the success (or failure) of just one.

Index Funds

A market index is like a scoreboard for the stock market. It tracks the prices of a group of big companies to show if the market is going up or down—just like a leaderboard in a game!

An example of an index fund that tracks the 500 biggest companies in the US:

Vanguard S&P 500 ETF (VOO)

- Great if you want a piece of well-known companies like Apple and Google
- Very low cost
- Has historically achieved great returns

Exchange-Traded Funds

Think of these as a basket of investments you can buy and sell like a regular stock. They're diversified and often come with lower fees.

An example of an all-in-one global ETF:

Vanguard Total World Stock ETF (VT)

- This covers both U.S. and international markets
- Includes thousands of companies from developed and emerging countries
- One-fund option for full global exposure

ETFs can also cover a theme such as AI and Tech - for example, L&G Artificial Intelligence UCITS ETF (AIAI).

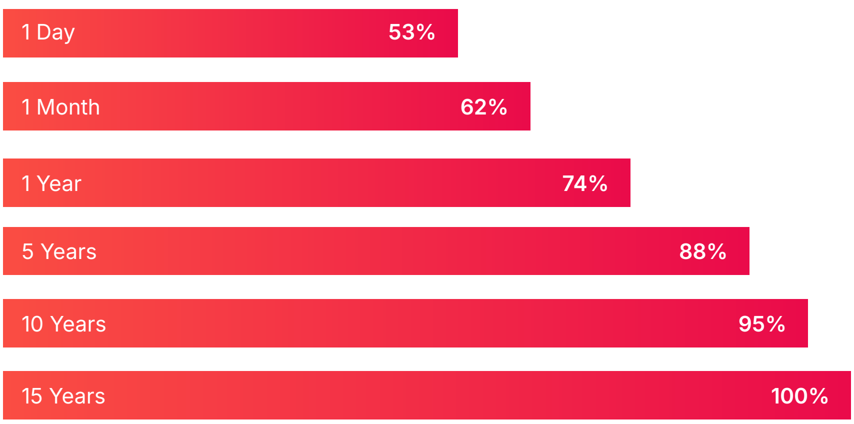
How many funds should you choose?

Choosing the number of funds to invest in can feel overwhelming, but here is a simple explanation:

- One globally diversified fund might be enough.
- Two or three funds can offer solid diversification.
- More funds aren't necessarily better. You could end up duplicating and paying more.
- Aim to keep it simple and easy to manage.
- Rebalancing is harder with too many funds.

Odds of a positive return when investing in an index fund

History has shown us that investor patience is rewarded!



Source: S&P 500

What to do next?

Have you opened an account with a platform?

Yes?

- Don't overthink it. Pick one index fund or ETF that looks good to you, and start small. You can always add more later.
- Set up automatic investments. Automating your investments means setting things up so that money goes into your chosen fund every month from your chosen bank account without you having to do anything. It's like putting saving on autopilot. Even a small amount each month will soon add up. Automating this ensures you stay consistent and keep costs low.

No?

- Then head to our guide on 'How to Start Investing'

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