The relationship of risk and reward is central to the decision-making process for investors. Understanding your time horizon and your overall objectives for investing is key to making investment choices. For example, savings accounts carry very little risk, but they offer little in the way of reward because they do not pay very much interest. Stocks can offer investors potentially good returns — but they also carry a high degree of risk, because there is no guarantee you won’t lose your money in a stock. Some investors are by nature more aggressive and are willing to take on more risk in exchange for potentially higher returns. On the other hand, conservative investors prefer investments that are unlikely to lose money — even if they do not grow significantly.

The investment choices pyramid provides context at a glance for investments that tend to carry more risk and reward and those that typically have less risk or reward.

Choosing the right mix of investments is a personal decision and one that is best done with the guidance of a professional. Talk to your financial advisor about the portfolio that is right for you.

This is for illustrative purposes and not intended to be representative of any specific investment vehicle. Past performance is not indicative of future results. This information is not intended to be used as the primary basis of investment decisions. Because of individual client requirements, it should not be construed as advice designed to meet the particular investment needs of any investor.