There are several **basic investment strategies** that can be used to build and preserve wealth. The right strategy depends on risk tolerance, time horizon, and financial goals. Here are some fundamental approaches:

1. Buy and Hold (Long-Term Investing)
   1. **Concept**: Purchase investments (stocks, ETFs, real estate, etc.) and hold them for the long run, regardless of market fluctuations.
   2. **Best for**: Investors with a long time horizon who want to benefit from compounding growth.
   3. **Example**: Investing in an **S&P 500 index ETF** and holding it for 20+ years.
2. Dollar-Cost Averaging (DCA)
   1. **Concept**: Invest a fixed amount of money at regular intervals (e.g., monthly) to reduce the impact of market volatility.
   2. **Best for**: Investors who want to mitigate risk and avoid market timing.
   3. **Example**: Investing **$500 per month** into an index fund, regardless of market conditions.
3. Asset Allocation & Diversification
   1. **Concept**: Spread investments across different asset classes (stocks, bonds, real estate, cash, etc.) to minimize risk.
   2. **Best for**: Reducing overall portfolio volatility and improving risk-adjusted returns.
   3. **Example**: A **60/40 portfolio** (60% stock ETFs, 40% bond ETFs) for moderate risk investors.
4. Value Investing
   1. **Concept**: Identify and buy undervalued stocks that are trading below their intrinsic value.
   2. **Best for**: Investors willing to do fundamental research and hold for long periods.
   3. **Example**: Buying a company with **strong fundamentals but a temporarily low stock price**.
5. Growth Investing
   1. **Concept**: Invest in companies expected to grow earnings and revenue faster than the market average.
   2. **Best for**: Investors willing to take on more risk for higher potential returns.
   3. **Example**: Investing in **tech stocks or innovative startups**.
6. Income Investing (Dividend & Bond ETF Investing)
   1. **Concept**: Focus on investments that generate **regular income**, such as dividends or interest.
   2. **Best for**: Retirees and those looking for passive income.
   3. **Example**: Investing in **high-dividend stock ETFs, REITs, or bonds**.
7. Index Fund Investing (Passive Investing)
   1. **Concept**: Invest in broad-market index ETFs to mirror the market's performance with low fees.
   2. **Best for**: Those who prefer a **hands-off** approach with steady, long-term growth.
   3. **Example**: Investing in a **total market ETF**.
8. Tactical Investing (Market Timing)
   1. **Concept**: Adjust investments based on market trends, economic cycles, or geopolitical events.
   2. **Best for**: Experienced investors who follow market conditions closely.
   3. **Example**: Moving assets into **bond ETFs or defensive stock ETFs** during a recession.
9. Real Estate Investing
   1. **Concept**: Purchase rental properties or invest in **REITs** (Real Estate Investment Trusts) for long-term wealth building.
   2. **Best for**: Investors looking for passive income and long-term asset appreciation.
   3. **Example**: Buying a **rental property** and generating income from tenants
10. Tax-Efficient Investing
    1. **Concept**: Use strategies that minimize tax liabilities, such as investing in tax-advantaged accounts.
    2. **Best for**: Investors looking to **reduce taxes** on capital gains and dividends.
    3. **Example**: Using **Roth IRAs, 401(k)s, or tax-loss harvesting** to optimize tax efficiency.

**Choosing the Right Strategy**

Your ideal investment strategy depends on 4 things:

* **Risk tolerance**
  + Low, Medium, High
* **Time horizon**
  + Short-term vs. Long-term
* **Financial goals**
  + Retirement, Wealth Growth, Passive Income
* **Financial Resources**
  + Savings from Work/Business Earnings, Inheritance, etc.

**AN IMPORTANT DISCLOSURE:**

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**How to Choose the Right Investment Strategy**

Selecting an investment strategy depends on your **financial goals, risk tolerance, time horizon, and financial resources**. Here’s a step-by-step guide to help you.

**Step 1: Define Your Financial Goals**

Before choosing an investment strategy, ask yourself:

1. **What am I investing for?**
   1. Retirement, buying a home, passive income, wealth growth, etc.
2. **When will I need the money?**
   1. Short-term vs. long-term
3. **How much risk am I willing to take?**
   1. Conservative, moderate, aggressive

| **Investment Goal** | **Time Horizon** | **Recommended Strategy** |
| --- | --- | --- |
| **Retirement Savings** | 10+ Years | Long-term, Buy and Hold, Index Investing, Growth Stock ETFs, Tax-Efficient Investing |
| **Passive income** | Ongoing | Dividend Investing, Real Estate, Bond ETFs |
| **Short-Term Growth** | 1-5 Years | Tactical Investing, Conservative Stock ETFs, REITS |
| **Capital Preservation** | 0-3 Years | Bond ETFs, CDs, Money Market Accounts |
| **Wealth Accumulation** | 10+ Years | Growth Stock ETFs, Real Estate, Index ETFs |

**Step 2: Assess Your Risk Tolerance**

Understanding **how much risk** you can handle is key to choosing the right mix of investments.

**Risk Tolerance Levels:**

**Conservative (Low Risk)** → Focus on **capital preservation** (bonds, dividend stocks, CDs)

**Moderate (Balanced Risk)** → Mix of **stock ETFs & bond ETFs** for steady growth

**Aggressive (High Risk)** → Growth stock ETFs, PE, real estate for higher potential returns

| **Risk Tolerance** | **Investment Type - Mainly ETFs** |
| --- | --- |
| **Low Risk (Conservative)** | Bond ETFs, Dividend Stock ETFs, Money Market Accounts |
| **Medium Risk (Moderate)** | Balanced Portfolio (ex: 60% Stock ETFs, 40% Bond ETFs) |
| **High Risk (Aggressive)** | Growth Stock ETFs, Tech Stock ETFs, Private Equity |

**Step 3: Choose an Investment Strategy**

Once you understand your goals and risk tolerance, you can select the right investment approach.

1. Long-Term Wealth Building (Best for Retirement)

* **Strategy:** Buy & Hold, Index ETFs
  + Low maintenance
  + Ideal for 401(k)s, IRAs
  + Historically strong returns
  + **Example:** Investing in **S&P 500 ETF** and letting it grow for 20+ years.

2. Income-Focused Investing (Best for Passive Income)

* **Strategy:** Dividend Stock ETFs, Bond ETFs, Real Estate
  + Generates **steady cash flow**
  + Great for retirement planning
  + **Example:** Buying **high-dividend stock ETFs** or **rental properties**.

3. Growth Investing (Best for High Returns)

* **Strategy:** Tech Stocks, Emerging Markets, Small-Cap Stocks
  + High-reward potential
  + Best for **long-term investors** willing to accept volatility
  + **Example:** Investing in **specific Sector ETFs, etc.**.

4. Low-Risk, Stable Growth (Best for Capital Preservation)

* **Strategy:** Bonds, Certificates of Deposit (CDs), Treasury Bills
  + **Protects capital** while offering small returns
  + Best for **short-term** savings
  + **Example:** Buying **U.S. Treasury Bond ETFs** or **Municipal Bond ETFs**.

5. Tax-Efficient Investing (Best for Minimizing Taxes)

* **Strategy:** Roth IRA, Tax-Loss Harvesting, Municipal Bond ETFs
  + Helps **reduce taxable income**
  + Ideal for **high-income earners**
  + **Example:** Contributing to a **Roth IRA** to enjoy **tax-free withdrawals in retirement**.

**Step 4: Diversify Your Portfolio**

* Mix different assets (stock EFTs, bond EFTs, real estate) to **reduce risk**
  + Example: A **Moderate Portfolio**
  + **50% Stocks** (Index Funds, Growth Stocks)
  + **30% Bonds** (Corporate Bonds, Municipal Bonds)
  + **20% Alternative Investments** (Real Estate, REITs)
* **General Rule of Thumb:**
  + **Younger investors** → More exposure to stock ETFs, less bond ETFs
  + **Near retirement** → More exposure to bond ETFs, less stock ETFs

**Final Thoughts: Which Strategy is Best for You?**

* **If you want high growth:** Growth Investing, Index ETFs
* **If you need passive income:** Dividend Stock ETFs, Bond ETFs, REITs
* **If you prefer safety:** Bond ETFs, CDs, Money Market Funds
* **If you want balanced growth & stability:** Diversified Portfolio

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