Risks you should be aware of

Although this website does not provide personal financial product advice you should be aware of the main risks associated with investing in listed equity securities. Some of these risks are outlined below.

1. Overall market risk – This is the risk of loss due to movements in a market sector. These can be caused by any number of factors including political, economic, taxation or legislative. Specific examples include changes in interest rates, political changes, changes in superannuation laws, internal crises or natural disasters. Market risk can be minimised by having a spread of investments across different types of assets.
2. Global risk – This is the vulnerability of an investment to international events or market factors. This would include movements in exchange rates, changes in trade or tariff policies and changes in international or bond markets.
3. Sector risk – The risks associated with an industry's specific products or services such as, demand for the product or service; commodity prices; the economic and industry cycles; changes in consumption patterns; lifestyle and technology changes. This may be minimised by detailed research to identify quality investments, reviewing their performance and their place in a portfolio.
4. Equity specific asset risk – risks associated with the specific investment, for example, quality of the company's directors; the strength of management and key personnel; profitability and asset base; debt level and fixed-cost structure; litigation; competition levels; liquidity of the investment.
5. Timing Risk – The possibility that you enter the market at a bad time, for example, just before a fall in the share market. This can be minimised by not investing all of your funds into the market at one time.
6. Speculative Risk – If an investment is described as speculative you should be aware that the investment could rise significantly but also fall by the same degree. You should not invest in speculative investments unless you understand and accept the risks fully and are prepared to accept any resultant loss.
7. Risks in trading with leverage - A leveraged investment in derivatives carries a higher degree of risk to the investor, and which due to fluctuations in value, the investor may not get back the amount he has invested. With certain transactions clients may not only lose what they have invested at the outset but may incur a higher liability depending on the amount of leverage the client has taken