

Understanding Risk in Investing

Version: 1.00 | Updated: 06/13/2025 10:25 am CDT | Published: 05/28/2025

♥TagsReturn Real Risk

Understanding Risk in Investing: What Every Investor Should Know

When it comes to investing, risk is not something to fear—it's something to understand and manage. Every investment carries some level of risk, whether it's the potential for market fluctuations, interest rate changes, or company performance. The key is knowing how much risk you're comfortable taking and how that aligns with your financial goals.

What Is Investment Risk?

Investment risk is the possibility that the actual return on your investment will be different from what you expected—sometimes higher, sometimes lower. This can mean anything from mild dips in your portfolio to more significant losses during market downturns.

Risk vs. Reward

Generally, higher potential returns come with higher risk. Stocks, for example, can offer strong growth over time, but they're more volatile. Bonds tend to be more stable but offer lower returns. Cash equivalents like savings accounts are the least risky—but they also earn the least.

Know Your Risk Tolerance

Your personal risk tolerance depends on factors like your:

- Age
- Investment timeline
- Income needs
- Comfort with market ups and downs

A well-diversified portfolio can help manage risk while still aiming for growth. That means spreading your investments across different asset types, industries, and regions. To learn more about our portfolios, you can view our brochures below:

- [4 Alpha Investment Strategy](#)
- [4 Beta Dependable Return Investment Strategy](#)
- [4 Beta Equity Investment Strategy](#)
- [4 Beta Taxable Fixed Income Investment Strategy](#)

Final Thought

Risk is a natural part of investing—but it can be planned for. The right strategy balances risk with opportunity, keeping you on track toward your long-term goals.

As of 06/13/2025, FG Asset Management, LLC (FG Family Office Services), an SEC Registered Investment Adviser. Neither FG Asset Management nor FG Family Office Services provides tax or legal advice and is not a certified public accountant.

Authored By: Ashley Baucum

Related Articles

Permalink to this article: <https://knowledgebase.financialgravityapps.com/home/understanding-risk-in-investing>

Investment Advisory Services may be offered through Financial Gravity Asset Management, Inc. (FG Asset Management), an SEC Registered Investment Adviser and/or Financial Gravity Family Office Services, LLC. (FG Family Office Services), an SEC Registered Investment Adviser. Neither FG Asset Management nor FG Family Office Services provides tax or legal advice and is not a certified public accountant.