



Life cycle analysis of an investor – The Phases

- Net worth is typically small relative to liabilities.
- Investments are fewer and typically non-diversified.
- Long time horizon and high risk tolerance
- Goals may include children's education, a house, and if possible, future

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- Mid to late career stage
- Income exceeds expenses
- Stage characterized by consolidation of investment portfolio
- Investors may start looking at capital preservation
- High capital gain investments are balanced with

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- Living expenses are covered not from earned income but from accumulated assets such as investments and retirement corpus
- Focus is on stability of portfolio
- Preference for investments that generate dividend, interest, and

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- More assets than need for spending
- At this stage investments may be made to leave legacy, support a charitable cause etc.