



Investments are risks taken in the desire of earning a profit. They are hopes that people place in the hands of others, faith that is at times blind. The key to investing wisely is diversification; by spreading one's money out in a number of places, the risk of losing a large amount of money is lessened. If I was generously given \$100,000 to invest, I would distribute the money into several diverse investments. It would not only lessen the risks but it would also spread out my returns. Some of my investments could return profits within a couple of years, while others would not bring in income till later on in my life.

My first venture would be in the real estate market, specifically dealing with residential, occupied land. I would invest half of my donation, \$50,000, into this distinct investment. The reason behind my choice is simple: the market for land currently, in most of this nation, is booming. Another factor is that the supply of land is inelastic. This means that the supply of land is limited; there is a set amount of land available. No one can produce more land, unless someone decides to start filling up the oceans. If the supply for land is inelastic, then there will always be a demand for it. There are no substitutes for land and the population is continually increasing, in the United States of America (it is said to hit 300 million within the next decade), both keeping the demand for land high while maintaining a constrained supply. By investing in the land market, the money I hope to earn would not be for the present, but for my future. Whatever revenue I earn will be kept for my retirement; it will be a safeguard for my future, so I will not have to work when I am older.

My next investment however, will, hopefully, bring in profits within the upcoming years. I would put \$10,000 into mutual funds. Not into one single mutual fund, but into several. Mutual funds take investors' money and spread it out between many stocks and/or bonds. I would choose a variety of mutual funds; at least 10, sparing \$1,000 for each. Some would be based on stock, others based on bonds, and a couple compromising of both. I chose to invest in mutual funds because their diversity guarantees at least a small return on my investment.

An example of my mutual fund investment would be a fund based on utility investments. I would invest in a mutual fund by a utility based company. The reason behind this is similar to the reason I invested in the land market: population. As the

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population continues to swell, utilities become more of a necessity versus a luxury. The logic behind it, again, is that as the populace grows the demand increases as supply becomes more and more limited. The difference between my investment in property and the one in mutual funds is that land is a long term growth (returns might take years) and mutual funds can be short term growths. Both are presumably low risk investments.

The ensuing \$20,000 however, would be placed in a high risk investment, stocks in nanotechnology. I would do this because if the stocks depreciated I would not have lost all of my initial cash, for I would still have money in land and mutual funds. I would place \$20,000 in a high risk investment because in taking a high risk there is also the chance of receiving a high return. I think I should risk some of my money in a promising new science. Nanotechnology can be used in many fields; medical, robotic, communications, national defense, and most definitely in space programs. There are two main risks in investing in stock in companies that do research in nanotechnology (such as IBM): one, the research might take decades if not centuries to perfect and two, in the next couple of decades a more superior technology may arise.

Though it might seem ridiculous to take a high risk venture in the small hope of a high return, there is no gain in life without a little risk. Though I should make profits off my two other investments, nothing so large as to make me financially well off. This idea of one high risk investment, again, leads back to diversification of expenditures.

My last \$20,000 would go towards something I have an interest in. I would place the last part of my money into stocks in DNA testing companies. These companies specialize in analyzing DNA from criminal cases, either to prove guilt or innocence. These companies are experiencing high revenues thanks to the interest in reviewing old cases. That would mean almost certain return within a couple of years. I would invest in DNA testing companies not only because of my fascination with forensic science but also because of the benefit it gives to society. It not only definitely identifies criminals, it also in more recent years has greatly helped set free those who were wrongly convicted. DNA has now become a common practice for those convicted and for detectives trying to prove guilt or innocence. This would be my favorite investment; I would love putting money into something so captivating to me.

If someone benevolently gave me \$100,000 I would have the perfect place to use it: college. However, if it was specifically put aside for investment only, I would spread it out. Diversifying it would allow some losses, but would also guarantee some return. I chose to invest in the land and utility markets because both are necessities and their markets will never hit dead bottom. I then took a gamble in the hope that the nanotechnology science would thrive in the future. I then installed my last \$20,000 in stocks in DNA testing companies, which is what I think investments should be. Investments

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should be in something that compels one, something that they have always been interested in. While using the theories of economics and common sense, anyone could come away with more money than they started with by investing wisely.