**Owning It**

Investors who are not afraid of risk often put their money into **ownership investments**—investments that provide owners’ rights in return. Types of ownership investments include stocks, mutual funds, real estate, entrepreneurship/business opportunities, and collectibles. Each ownership investment provides an opportunity for a return by letting you own something of significance. Let’s take a look at each.

*Stocks.* A **stock** (or share) is a piece of paper—whether real or virtual—that says you own part of a corporation. As an owner (or shareholder), you have the rights and responsibilities of ownership. This means you can attend shareholders’ meetings, vote for issues you support, and receive a portion of the company’s earnings. In addition, you may be able to sell your stocks for a profit, making a sizeable sum of money. But, being an owner also means you risk losing money. If your stocks decrease in value, you can lose a lot. If the corporation goes out of business, you can lose your whole investment—because, as an owner, you’re part of the corporation. (Since bond holders are *not* owners, they will get paid back before you.) But, even if the corporation *doesn’t* go out of business, you can lose everything you’ve invested just due to the up-and-down nature of stock values.

There are many different kinds of stocks. If you’re interested in learning more about them, check out the article here: <http://www.investopedia.com/university/stocks/stocks2.asp>.

*Mutual funds.* If you’re concerned about the risks of owning stocks, you could invest in a stock mutual fund. A **stock mutual fund** is a combination of stocks from different corporations or agencies, usually from different industries. The idea behind mutual funds is that you don’t take as much of a risk as you do when you buy individual stocks—but, as an owner, you still have a good chance of receiving a return. How much you receive usually depends on how much risk you’re willing to take. If you buy a combination with more risk, you might get a greater return.

One benefit of investing in mutual funds is access to the expertise of the fund’s manager. The manager is directly responsible for deciding which investments best meet the mutual fund’s stated purpose. Fund managers can make mistakes, though, so you should pay attention to who’s in charge of directing your fund. You should also find out about any fees associated with a mutual fund. Fees vary dramatically and can have a negative impact on your return.

For a more in-depth look at the advantages of mutual fund investing, read Austin Pryor’s article “20 Major Advantages of Investing in Mutual Funds” at <http://www.crown.org/Articles/tabid/107/entryid/167/Default.aspx>.

Mutual funds aren’t just for stocks. Some mutual funds include money market accounts, bonds, or even mixtures of several different types of securities. Depending on what the mutual fund contains, it may be considered a lending investment, an ownership investment, or a hybrid of the two.

*Real estate.* Another ownership investment is **real estate.** You can buy a home to live in, a vacation spot for the summer, an investment property that will bring in rent money, or land that might be developed sometime in the future. There are a lot of choices, but the one almost everyone can participate in is home ownership. When you buy a home, you pay a certain amount toward the value of the house. While you’re living there, the home’s value can increase along with the property values around you. This means that for the amount of money you invest, you are likely to get more out of the real estate than you pay for it.

With property values, your day-to-day risk is **depreciation**, the loss of value due to market forces. This means that if others see your property as less valuable, your real estate is not worth as much. When other properties around yours decrease in value—because they’re run-down or flood-prone—you suffer, too.

Ian Woychuk explores the ups and downs of investing in real estate in his Investopedia article “Exploring Real Estate Investments: Advantages and Disadvantages.” You can find it here: <http://www.investopedia.com/university/real_estate/real_estate4.asp>.

*Entrepreneurship/Business ownership*. You might not realize it, but the money it takes to start and run a business is an investment. **Entrepreneurship** is one of the riskiest and hardest investments a person can make. That’s because it involves a lot more than just money. Entrepreneurs invest their time, their hard work, their ideas, and their hopes and dreams. When a business fails, the entrepreneur loses a lot. However, entrepreneurship carries the potential of a very high return. Think of Bill Gates of Microsoft, Larry Page of Google, or Mark Zuckerberg of Facebook.

*Collectibles.* **Collectibles** are items that gain or lose value over time. For example, you buy a baseball card when it’s not too expensive, and you wait for it to become really valuable. Once it’s worth a lot more than you paid for it, you sell it to someone else to make a profit. Sounds easy, doesn’t it?

Getting a good return from a collectible, though, depends on two key things. You have to be sure that the item is important to other people, not just you. And, you have to be sure that the item will be *more* important to other people *in the future*. It’s impossible to be absolutely certain of either one of these two things. That’s what makes a collectible item a risky investment. You might not be able to sell the item at all—let alone for more money than you’ve paid for it. Even so, many people enjoy investing in collectibles such as antiques, gems, stamps, dolls, or sports memorabilia. When investors *like* to collect these items, you figure that they probably don’t mind keeping some of the things they can’t sell.

Interested in investing in collectibles? Check out the MoneyTalksNews article and video at <http://www.moneytalksnews.com/2013/08/14/are-grandmas-collectibles-worth-anything/> to get some helpful hints and suggestions for making money off old comic books, vinyl records, and other random items in your attic.

**All business**

Individuals aren’t the only ones who make investments. Businesses and other organizations do as well. Why wouldn’t they? They want to grow their wealth just as individuals do. Most businesses’ main form of investment is investing back into the company itself—researching and developing new products, purchasing the latest and most efficient technologies, expanding into new markets, etc. However, businesses also participate in other forms of investing—they may put cash into savings or money market accounts, purchase bonds or stocks, or buy real estate.

Sometimes, businesses invest money that isn’t their own. A common example is a non-profit organization’s **endowment fund**. Funds obtained from donors are pooled together and invested to create additional income. A great number of colleges and universities have endowment funds. You can learn a bit more by reading Albert Phung’s article “How Do University Endowments Work?” at <http://www.investopedia.com/ask/answers/06/universityendowment.asp>.

**Summary**

Risk-tolerant investors often choose ownership investments. Types of ownership investments include stocks, mutual funds, real estate, entrepreneurship/business opportunities, and collectibles. Businesses also make investments as a way to grow their wealth.