What are the various objectives of investment?

Your investment objectives may differ in accordance with your life stage and risk profile. Here's a list of them.

An investment is made because it serves some objective for an investor. Depending on the life stage and risk appetite of the investor, there are three main objectives of investment: safety, growth and income. Every investor invests with a specific objective in mind, and each investment has its own unique set of benefits and risks. Let us understand these objectives in detail.

Safety

While no investment option is completely safe, there are products that are preferred by investors who are risk averse. Some individuals invest with an objective of keeping their money safe, irrespective of the rate of return they receive on their capital. Such near-safe products include fixed deposits, savings accounts, government bonds, etc.

Growth

While safety is an important objective for many investors, a majority of them invest to receive capital gains, which means that they want the invested amount to grow. There are several options in the market that offer this benefit. These include stocks, mutual funds, gold, property, commodities, etc. It is important to note that capital gains attract taxes, the percentage of which varies according to the number of years of investment.

Income

Some individuals invest with the objective of generating a second source of income. Consequently, they invest in products that offer returns regularly like bank fixed deposits, corporate and government bonds, etc.

Other objectives

While the aforementioned objectives are the most common ones among investors today, some other objectives include:

- **Tax exemption**
  Some people invest their money in various financial products solely for reducing their tax liability. Some products offer tax exemptions while many offer tax benefits on long-term profits.

- **Liquidity**
  Many investment options are not liquid. This means they cannot be sold and converted into cash instantly. However, some people prefer investing in options that can be used during emergencies. Such liquid instruments include stock, money market instruments and exchange-traded funds, to name a few.