

# Let's Talk...

## Let's Talk ... About the Risk Spectrum of Investments

Investing can be overwhelming with so many choices available. However, understanding the risk levels of your investments can help you make better choices. Whether you're just starting or refining your strategy, knowing where your investments fall on the risk spectrum is key to aligning them with your financial goals.

### Low-Risk Investments

If you're looking for stability and peace of mind, low-risk investments might be just what you need. Low-risk investments include options like bonds and stable value funds. While these investments may not make you rich overnight, they can provide a solid foundation for your portfolio—especially if you're nearing retirement or prefer a more conservative approach. They offer lower returns but come with less volatility, making them a safer choice for those who want to avoid surprises.

### Middle-Risk Investments

Middle-risk investments strike a nice balance between risk and return. If you're aiming for moderate growth, consider options like U.S. large cap equities, developed market international equities, real estate investment trusts (REITS), and natural resources. These investments can provide reasonable returns while keeping risk at a manageable level. By including some middle-risk options in your portfolio, you can enhance your returns without diving into the elevated volatility of high-risk investments.

### High-Risk Investments

High-risk investments can offer significant returns, but they also come with increased volatility and a greater risk of loss. Common options include public real estate, small cap equities, emerging market international equities, and cryptocurrencies. While some high-risk investments have a place in a well-diversified portfolio, cryptocurrencies can be overly risky and volatile. Cryptocurrencies are not included in Halliburton's investment options, as they are viewed as too risky and unpredictable, especially considering the purpose of the 401(k) plan is to provide an adequate and reliable source of income in retirement. If you're considering high-risk investments, be mindful of your risk tolerance and the potential for loss.

So, how do you create a successful investment strategy? Here are some tips:

- **Assess Your Risk Tolerance:** Market fluctuations are inevitable, and riskier investments tend to decline more than lower-risk options during downturns. Your risk tolerance reflects your ability to handle potential losses. Do you have enough time to let your investments recover before you need them? If retirement is years away, you might be more comfortable with riskier investments. If it's approaching soon, a conservative approach may be wiser.
- **Diversify Your Investments:** Spreading your investments across different asset classes can help reduce risk. A diversified portfolio is better equipped to withstand market fluctuations, but keep in mind that all investments carry some risk.
- **Align Investments with Financial Goals:** Make sure your investment choices reflect your short-term and long-term financial objectives. Whether you're saving for retirement, a new home, or your child's education, you'll be well on your way to building a strong investment strategy that suits your needs and helps you achieve your financial goals.
- **Consult a Financial Advisor:** Get expert advice on how to build a personalized investment strategy based on your goals and risk tolerance. For more on this topic, see "[Let's Talk ... About Getting Ready for Your Financial Advisor First Date](#)".

## Your Halliburton Investment Options

Take advantage of the Halliburton Retirement and Savings Plan investment options! The Retirement Portfolios and Single Focus Strategies offer a diverse mix of asset types and risk levels to help you effectively diversify your portfolio and grow your savings over time. The table below shows the broad categories of investments available in the Plan along with their risk levels.

| Investment Option Name         | Market Risk                                                   | Inflation Risk | Potential Return                                              |
|--------------------------------|---------------------------------------------------------------|----------------|---------------------------------------------------------------|
| <b>Retirement Portfolios</b>   |                                                               |                |                                                               |
| Target Date Portfolios         | Low, moderate, or high risk based on the target date selected | Low            | Low, moderate, or high risk based on the target date selected |
| <b>Single Focus Strategies</b> |                                                               |                |                                                               |
| Stable Value Strategy          | Low                                                           | High           | Low                                                           |
| Bonds                          | Low                                                           | High           | Low                                                           |
| Stocks                         | High                                                          | Low            | High                                                          |
| Inflation Sensitive Strategy   | Moderate                                                      | Low            | Moderate                                                      |

## Sources:

[Investopedia: Determining Risk and the Risk Pyramid](#)

[Investopedia: Risk: What It Means in Investing, How to Measure and Manage It](#)

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