Without realising it, it is easy to become reliant on a single source of income, such as your monthly salary. While this may be sufficient for some, for others it may result in restricted financial freedom. In worst case scenarios it may also involve significant financial risk. By diversifying your sources of income you'll be taking an important step to secure a comfortable financial future.

Remember Jack and the beanstalk?

Jack and his mother are poor and are forced to sell their last cow for money to live on. On the way to the market, Jack is tricked into exchanging the cow for three magic beans. Upon his return home, his mother is so upset that she throws the beans out into the garden. The next morning, Jack finds a beanstalk that has grown into the sky. Jack climbs the beanstalk and finds a giant's castle. To cut a long story short, Jack steals the giant's goose, which lays solid gold eggs, and he and his mother live happily ever after.

One income source is not enough

We use Jack's story as an analogy, as many people only have one source of income (such as their job or a business) – just like Jack's last cow. Because of the associated financial risks, it is a good idea to consider creating one or more additional streams to generate cash flow. For anyone who wants financial freedom, creating at least one additional income stream is no longer a luxury but a necessity. This will help you to protect yourself and your family from the unavoidable ups and downs of economic and industry cycles.

Seize opportunities in the market

The three magic beans in Jack's story represent opportunity. Compared to 20 years ago, it is much easier to make money from the market today. This is due to both the range of financial instruments available and the advancement in technology. Twenty years ago, we only had equities to invest in, and dial-up modems that were very slow. Today, we have high-speed internet and derivative instruments, which allow us to profit even in falling markets.

Your first investment is always in yourself

Jack was careless in believing that he had found ‘magic beans’. Savvy investors should always know what they are getting themselves into. Your first investment is in your financial education. To make informed decisions, you must always start by educating yourself about the risks involved. It is not so much about making money, as it is about avoiding capital losses. And it is also not so much about avoiding risk, as it is about managing it. Consult the online tutorials on our website if you want to start learning more.

Shares are a good place to start

As a novice, shares are a good place to start, as this helps you to understand how markets work. Using the research PSG Wealth makes available to you, create a watch list of potential winners. From this list choose companies that meet certain fundamental and technical criteria. Depending on your starting capital, you would then build a share portfolio over time. Your portfolio should consist of between eight and twelve shares, spread across three to five sectors for diversification. Ultimately, you could have a portfolio of undervalued, quality and growth shares, which you could manage passively by only making small adjustments once in a while.

Create various income streams

At PSG Wealth, we offer a wide range of financial products that enable you to create various income streams from the market. It is also possible to move funds offshore to take advantage of movements on different exchanges, and in different exchange rates.

Take control of your financial destiny

By learning more about successful investment and trading strategies and implementing a course of action, you can become successful faster. Jack made some mistakes, but got lucky. You cannot afford to leave your financial future to luck. Rather, take control of your own financial destiny.